

AR26

G.E.C.

ACCOUNTS AND REVIEW 1959-1960

The General Electric Company Limited

AR26

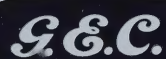
AUG 8 1960

FILE

G.E.C.

THE YEAR'S WORK...1959-1960

The General Electric Company Limited of England



THE YEAR'S WORK...1959-1960

During the year under review, the reorganisation of the Company was carried a stage further with the formation of five new operating Groups. There are now seven Groups in all:—

Domestic equipment

Engineering

Installation equipment

Lighting and heating

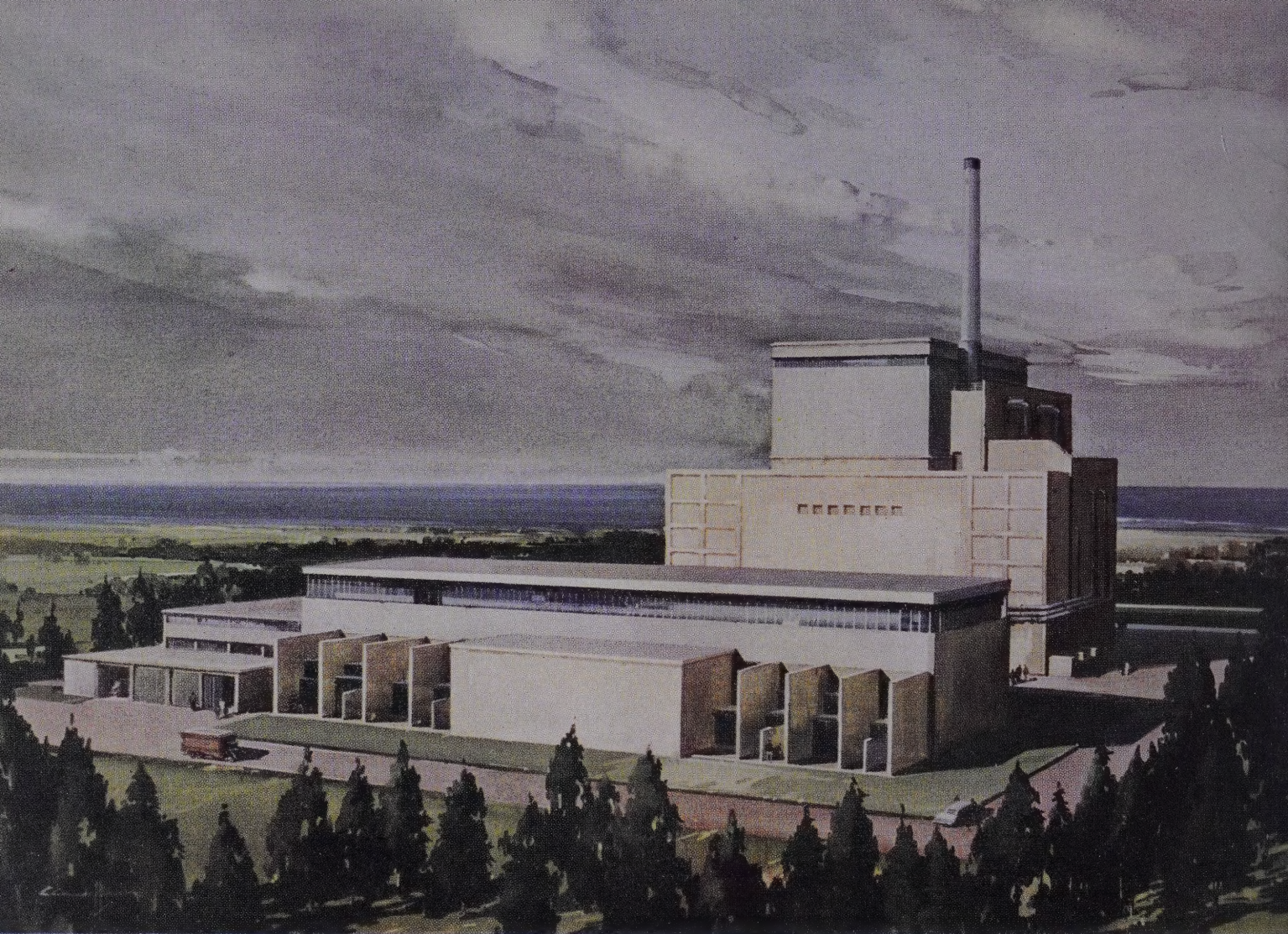
Osram lamps and tubes

Radio and television

Telecommunications

Aimed at bringing the maximum degree of specialisation into the Company's extensive organisation, each Group will function as a complete, integrated unit for production and sales. This will lead to greater efficiency in manufacture and distribution.

This review outlines some of the Company's more outstanding achievements during the past year.



An artist's impression of the 150 MW nuclear power station which the G.E.C. is to build at Tokai-Mura, 70 miles from Tokyo.

Atomic Energy On December 22nd 1959 the Japan Atomic Power Company signed a £20,000,000 contract with G.E.C. for a 150 MW nuclear station, and construction is now in progress at Tokai-Mura, some 70 miles north-east of Tokyo. The station, which is due to be completed in 1964, will be powered by a single gas-cooled reactor. Special features have been introduced to ensure safety under earthquake conditions.

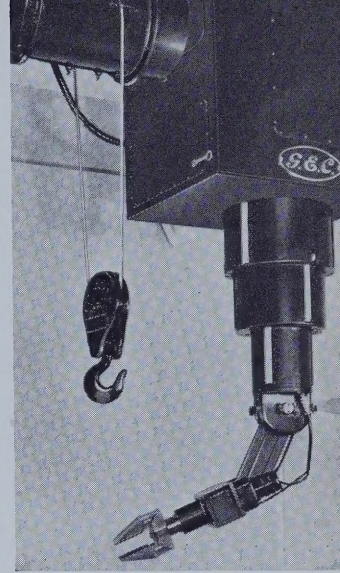
At home, work is proceeding on the 320 MW nuclear station which the Company is building at Hunterston for the South of Scotland Electricity Board.

The Zenith reactor which the Company has built at Winfrith for the United Kingdom Atomic Energy Authority has now been commissioned and marks the first

practical step in the development of a new type of reactor in which higher operating temperatures will make for greater efficiencies.

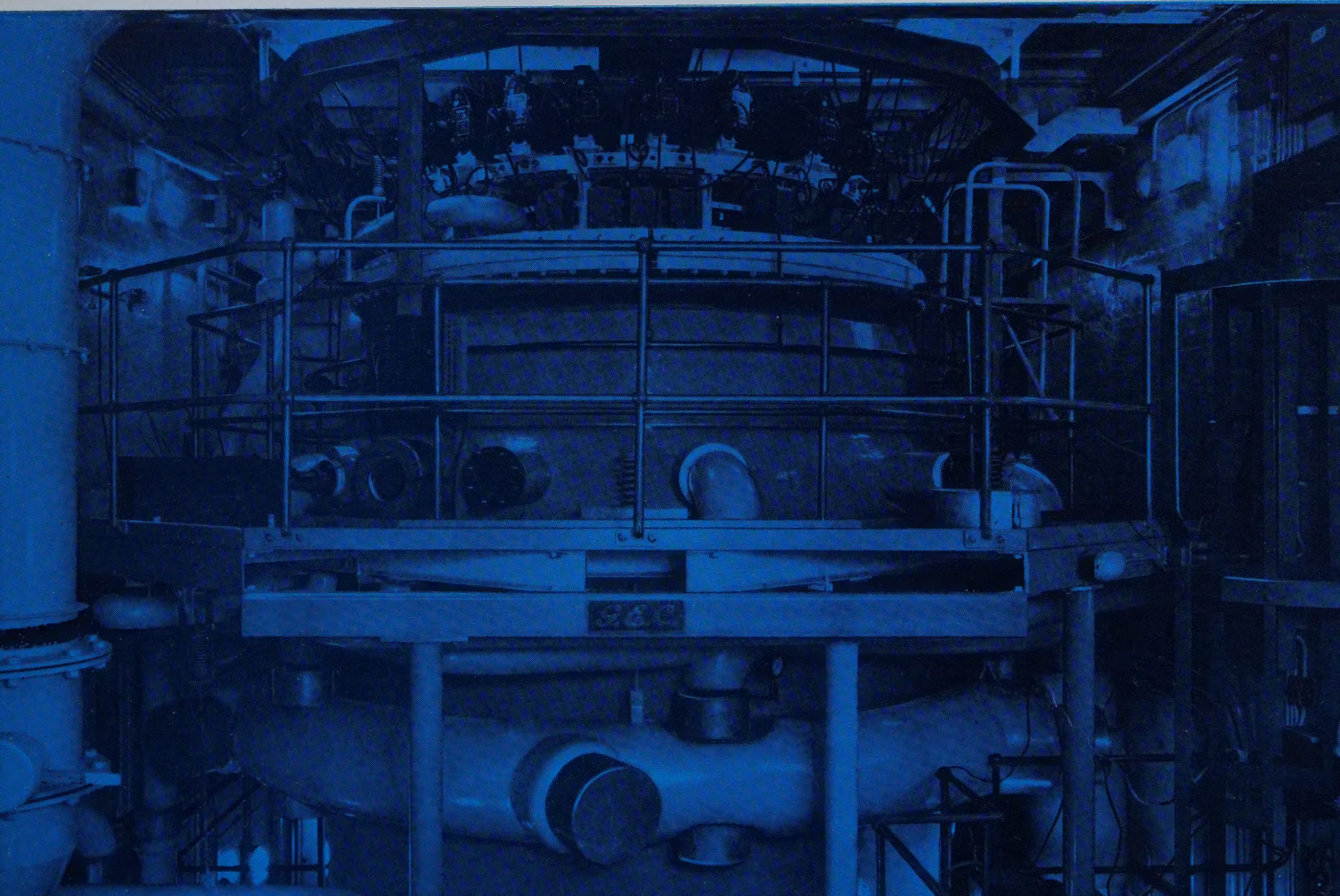
The Company has also developed a new type of gas-cooled graphite-moderated reactor which can be adapted for ship propulsion or for land-based use.

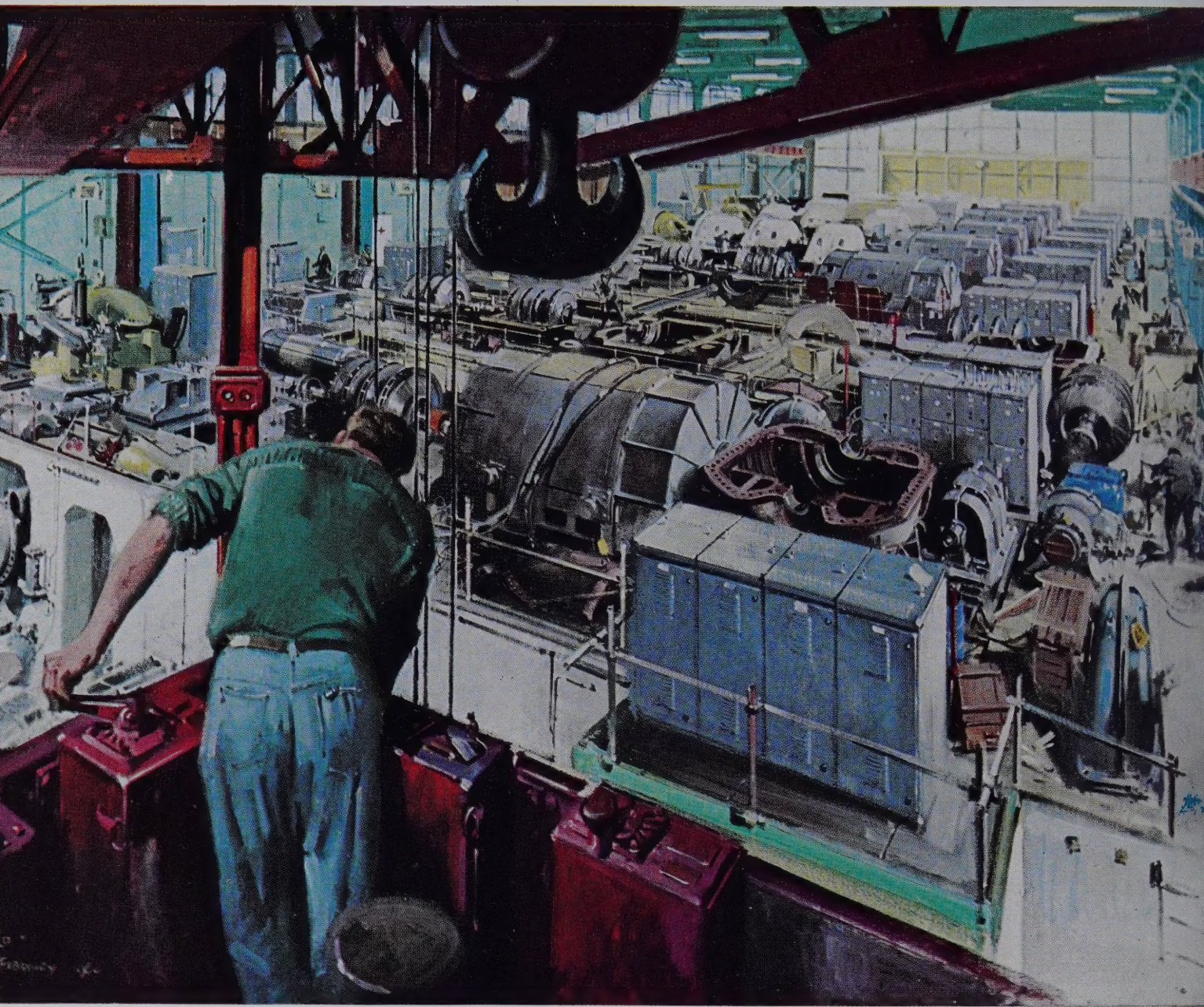
Another recent nuclear development is a new research reactor, known as CONSORT, which has been designed in collaboration with the nuclear power group at the Imperial College of Science and Technology, London University. It is the only completely British designed research reactor in the 10 kilowatt range, and is particularly suitable for meeting the specialised research and training requirements of universities and colleges.



Orders for the G.E.C. power manipulator ABOVE have been received from the U.K.A.E.A., the C.E.G.B. and from research stations in Sweden and Japan. The manipulator provides remote handling facilities for situations which preclude the direct employment of a human operator.

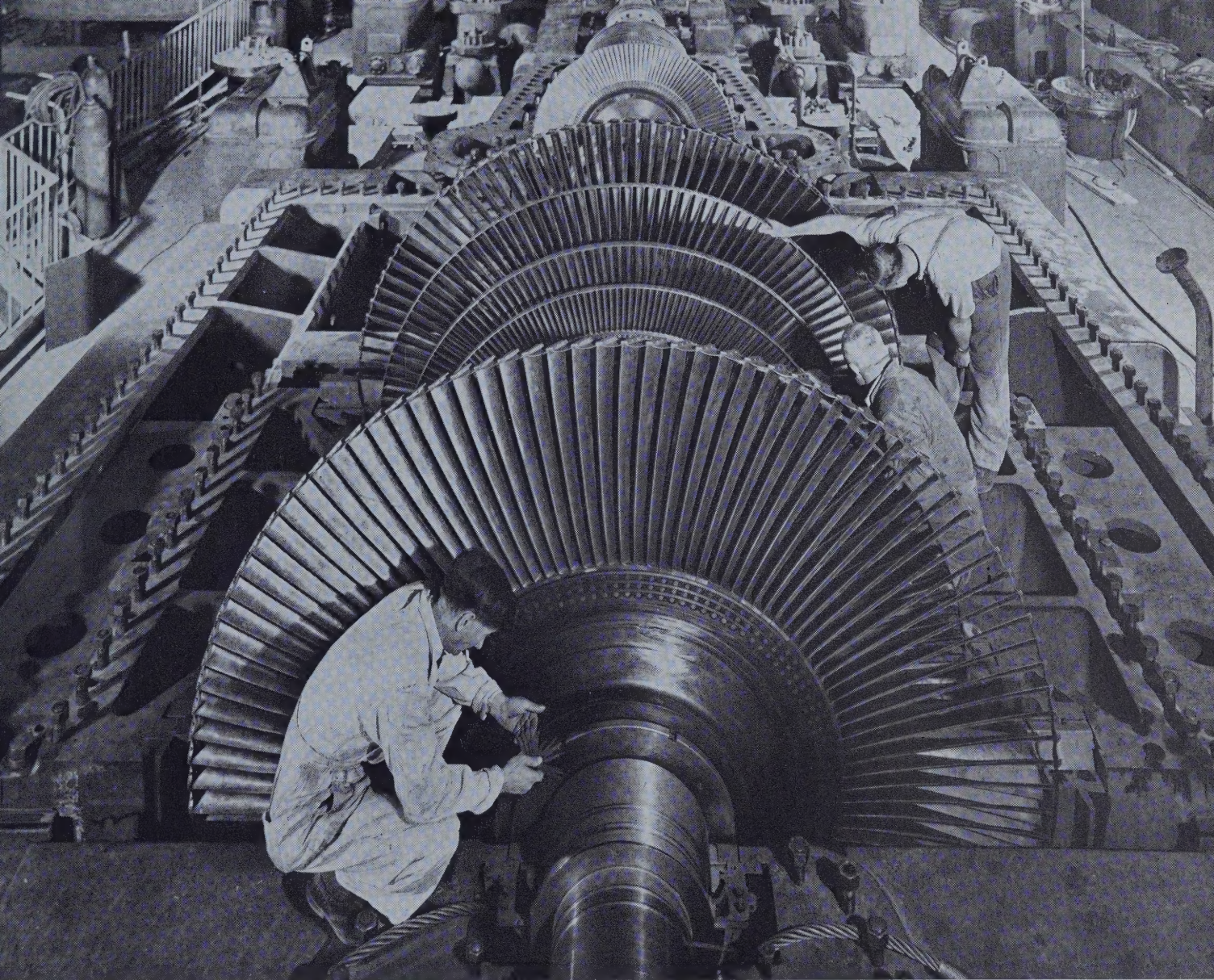
BELOW: Zenith, the zero-energy high-temperature gas-cooled reactor constructed for the U.K.A.E.A. at Winfrith in Dorset.





An artist's impression of the air-house at the National Gas Turbine Establishment at Pyestock near Farnborough. The Company is supplying eight 44,000 h.p. compressor/exhauster sets for testing turbo-jet and ram-jet engines.

Engineering Work has begun on the first of the two 200 MW turbo-generators which the Company is providing for extensions to Kincardine Generating Station in Scotland. The first of the six 120 MW turbo-generators at Northfleet Generating Station in Kent has been commissioned, while the installation of the

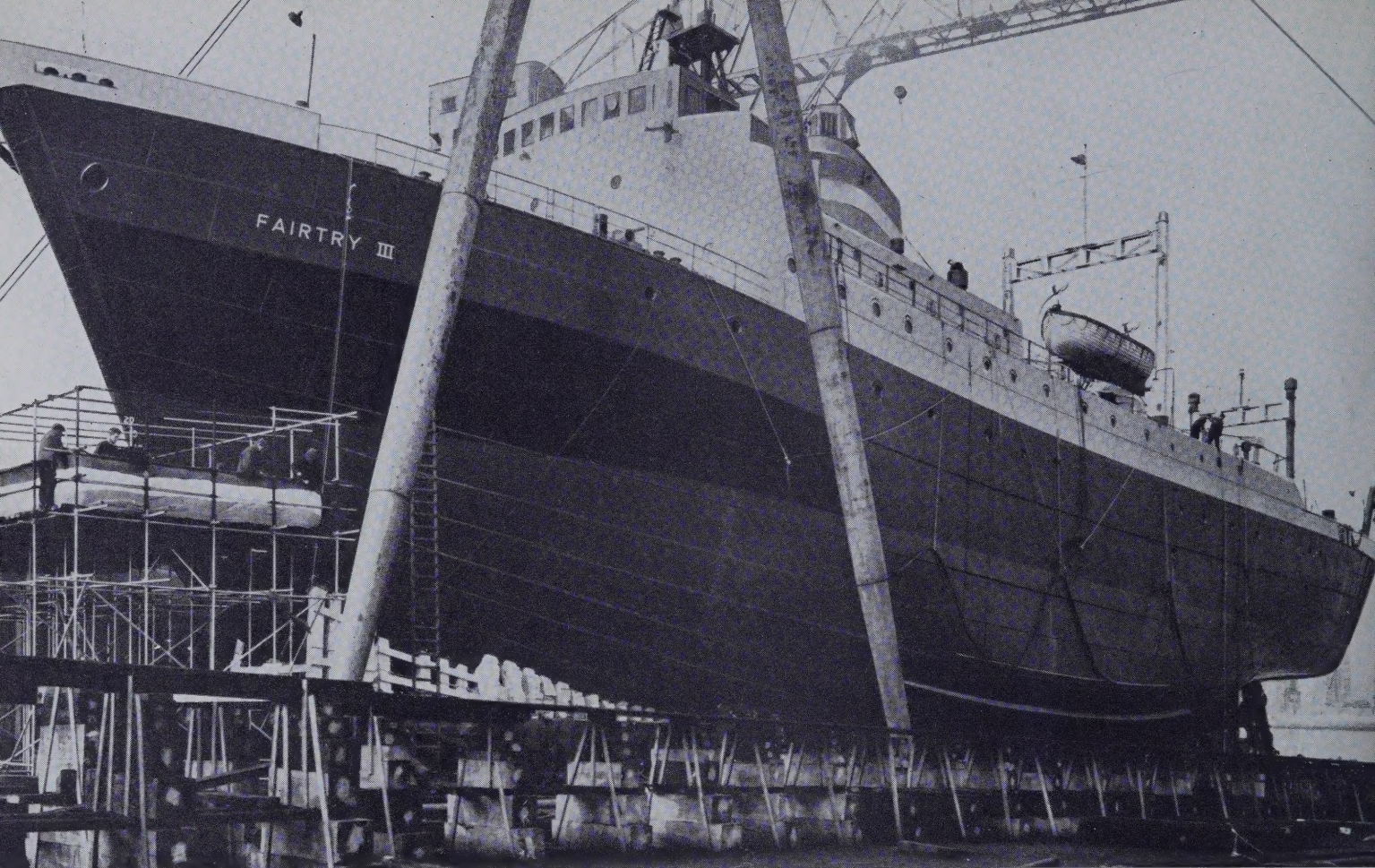


*Erecting a 120 MW turbo-generator at the C.E.G.B. Northfleet Generating Station, Kent.
The Company is supplying six sets for this station.*

second machine is nearing completion and erection of the third set is well advanced.

All three 60 MW sets at the C.E.G.B. Bold "B" Generating Station are now in service.

In South Africa two more 30 MW sets have been commissioned at Kelvin "A" Power Station, Johannesburg, and two 60 MW sets are in course of manufacture for Kelvin "B", while an order for a further two 60 MW sets for Kelvin "B" has been received earlier this year. In Australia the first of the two 60 MW turbo-generators for Wallerawang is being installed and the first of two 30 MW machines for Mount Isa Mines has been commissioned.



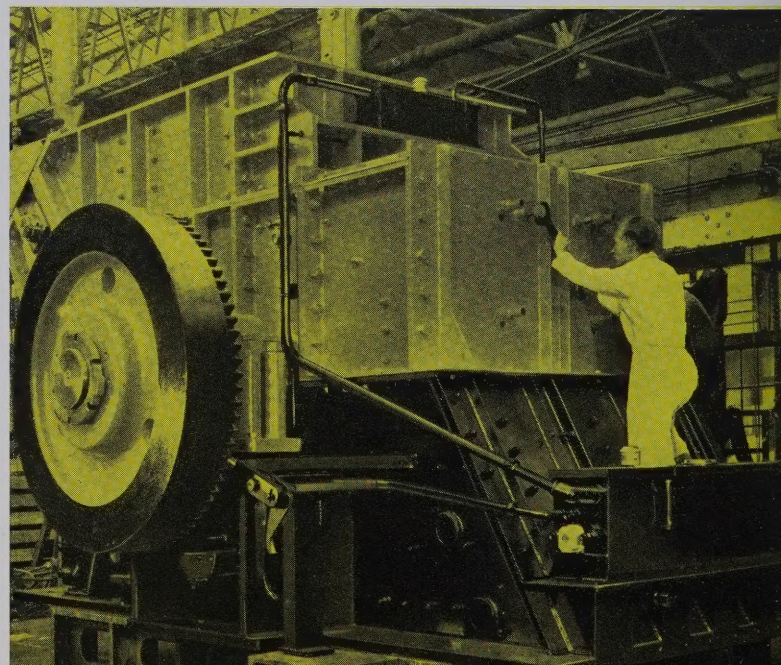
Engineering continued

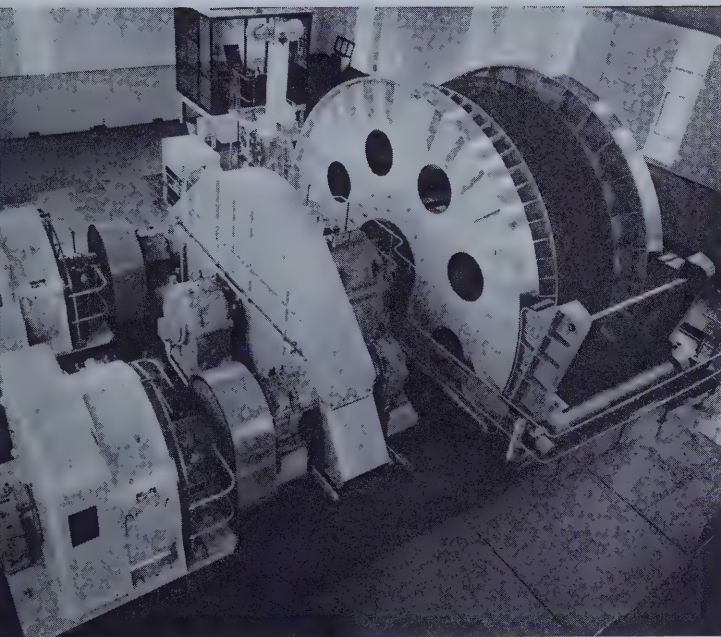
There has been intense activity in the production of winding engines, twelve being commissioned at home for the National Coal Board and four more overseas during the year. The Company also commissioned one of the largest single-unit coal preparation plants in the country at the N.C.B. Hawthorn Combined Mine.

During the period under review the Company completed important modernisation schemes at the Shotton Steelworks of John Summers Ltd. and the Ebbw Vale Steelworks of Richard Thomas and Baldwins Ltd. Early this year the Company was awarded a further large contract by Richard Thomas and Baldwins Ltd. for their new Spencer Works at Llanwern near Newport. A contract has, in addition, been received for two turbo-alternators, rated

G.E.C. electrical equipment for "Fairtry III"—the second of two diesel-electric fish factory trawlers built by Wm. Simons & Co. Ltd. for Chr. Salvesen & Co. Ltd.—includes the propulsion motor and generators, and some 30 motors for operating the processing plant.

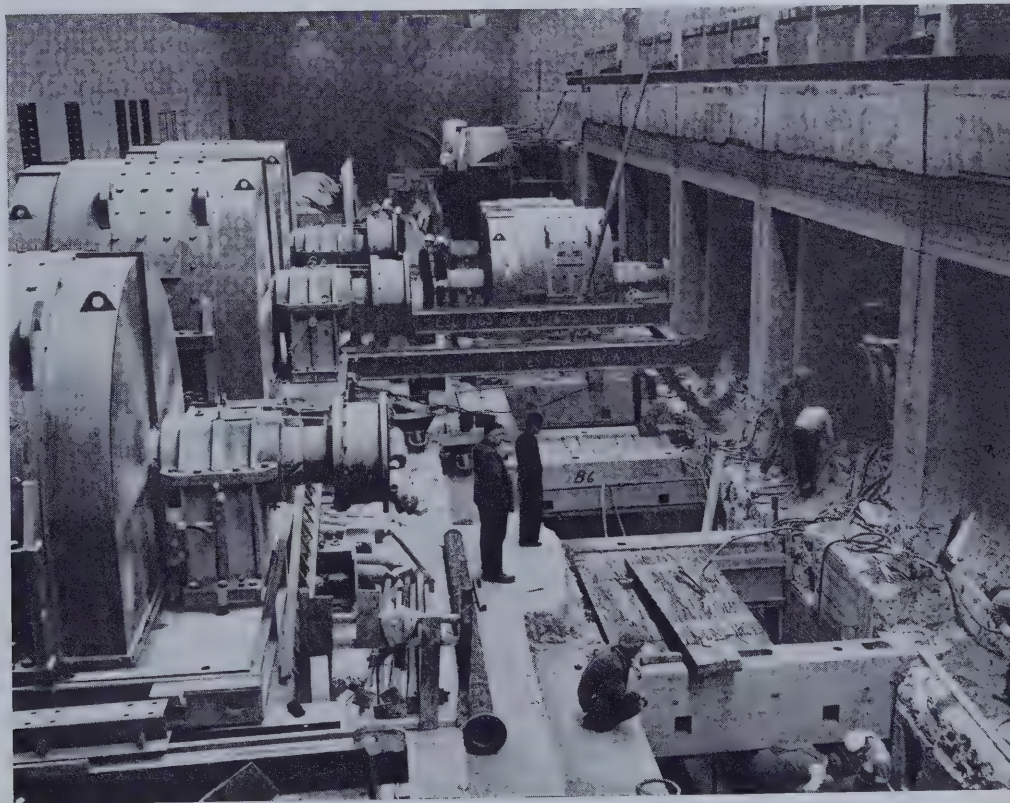
This 72 in. × 60 in. Dixie Hammermill for the Adelaide Cement Co., Australia, is the largest ever built in Britain.





ABOVE: this 4-rope friction winder at the West Driefontein Gold Mining Co. Ltd. hoists a load of 14 tons from a depth of 5,460 ft.

RIGHT: re-motoring the continuous strip mill at the Ebbw Vale Works of Richard Thomas and Baldwins Ltd. with six G.E.C. motors totalling 23,000 h.p. The change-over was completed in the remarkably short time of twenty days.



at 12 MW and 20 MW, for the Ravenscraig Works of Colvilles Ltd., together with the associated generator-transformers and switchgear, and a turbine-driven blower.

The Company continues to play a considerable part in the modernisation of British Railways. The first five of ten G.E.C./N.B.L. 25 kV locomotives have been delivered and are now in service in the Manchester area, while delivery of the seventy-one 25 kV multiple-unit trains with G.E.C. electrical equipment is nearing completion. For the London Transport Executive the Company is supplying over 2,400 traction motors for use in the rolling stock on the Piccadilly, Metropolitan and Central Lines. Overseas, three 4-car

Engineering continued

1,500V d.c. electric trains for the Estoril Railway, Portugal, have been commissioned, and the G.E.C. has supplied an 850 kVA diesel-alternator, high-voltage switchgear, transformers, rectifiers, ventilating and pumping equipment, and cabling for Lisbon's new underground railway.

*This 100 m.p.h. 25 kV a.c. electric locomotive—
one of ten being built by the G.E.C. for
British Railways—was shown at the Marylebone
Exhibition of the 1960 Institute of Transport Congress.*



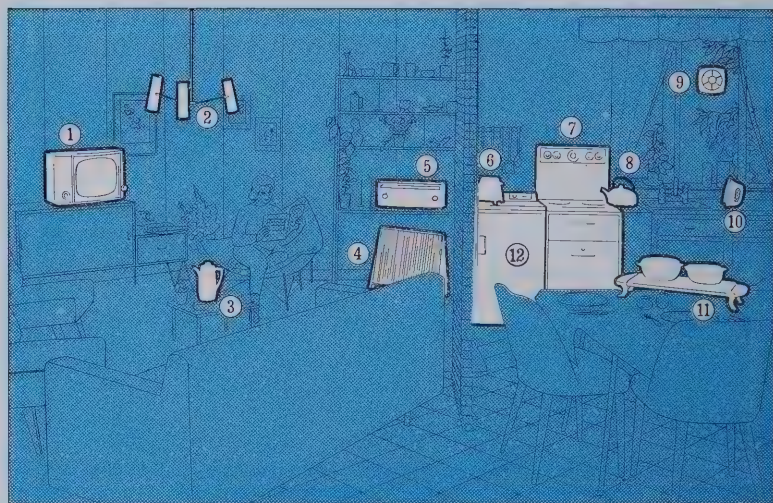
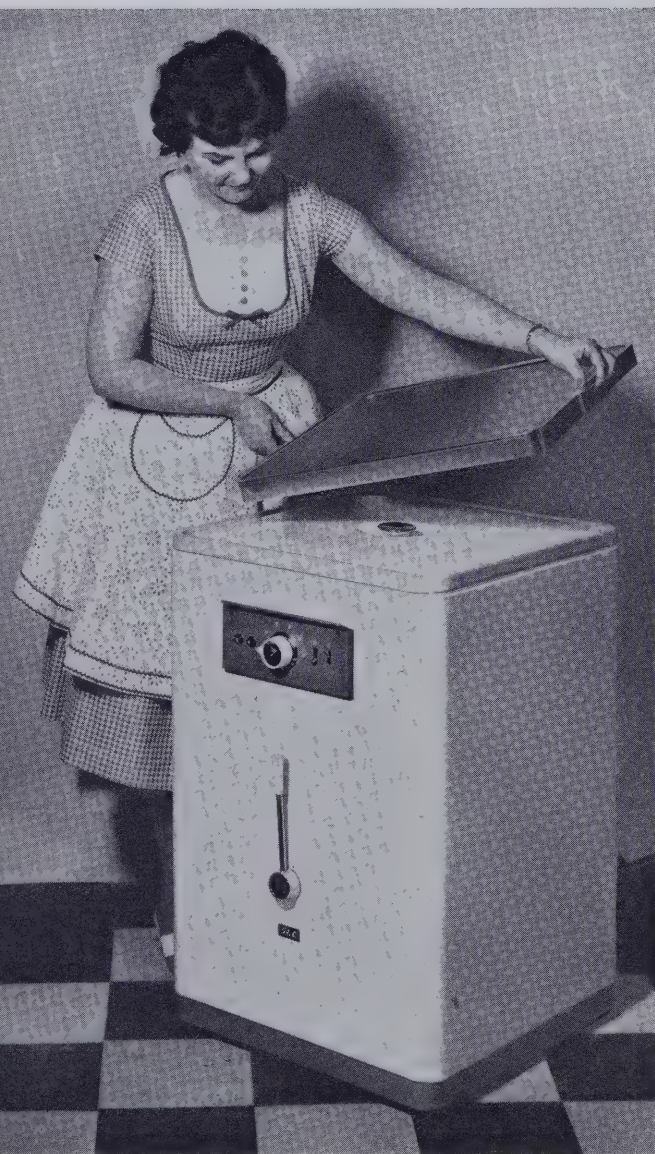


Television and Radio

The introduction of the 110° cathode ray tube enabled the Company to make a radical breakaway from existing television receiver styling. A design was evolved in which shaped armoured glass accentuated the basic slimness of the new receiver, and this was very well received by the public. Demand increased considerably during the year.

Sales of radio receivers reflected the growing popularity of transistor portables. Further advances in automatic assembly techniques developed within the Radio Works helped to meet the general increase in demand for both radio and television.

A section of the television receiver production line at the Company's Radio Works, Coventry.



G.E.C. in the Home No other manufacturer offers such a comprehensive range of well-designed appliances for the home. A representative selection of G.E.C. products is shown installed in a typical modern setting on the opposite page.

Additions to the G.E.C. range during the period under review include a 2.5 cu. ft. refrigerator, a combined washing machine/spin-dryer, and a low-priced cooker with eye-level grill.

The new washing machine, known as the G.E.C. Double-Plus, was launched in the Midlands and North of England last autumn, and is now being marketed nationally. It is of unique design, in that it incorporates the spin-dryer and the washing tub within an outer case only 21 inches wide. This makes the machine particularly suitable for the smaller kitchen where space is limited and the machine has been very well received by housewives.

The compact design of the new G.E.C. Double-Plus combined washing machine and spin-dryer makes it particularly suitable for the smaller kitchen.

1. 17-inch television receiver
2. Variform pendant fitting
3. Coffee percolator
4. "Cosyvee" heater
5. AM/FM radio
6. Toaster
7. "Superb" cooker
8. "Superspeed" kettle
9. "Xpelair" fan
10. "Superspeed" iron
11. Plate warmer
12. "Fabulous Four" refrigerator



Heating

G.E.C. electrical equipment is used in 104 of the world's leading airlines. This illustration shows G.E.C. galley equipment on a B.O.A.C. Comet IV.



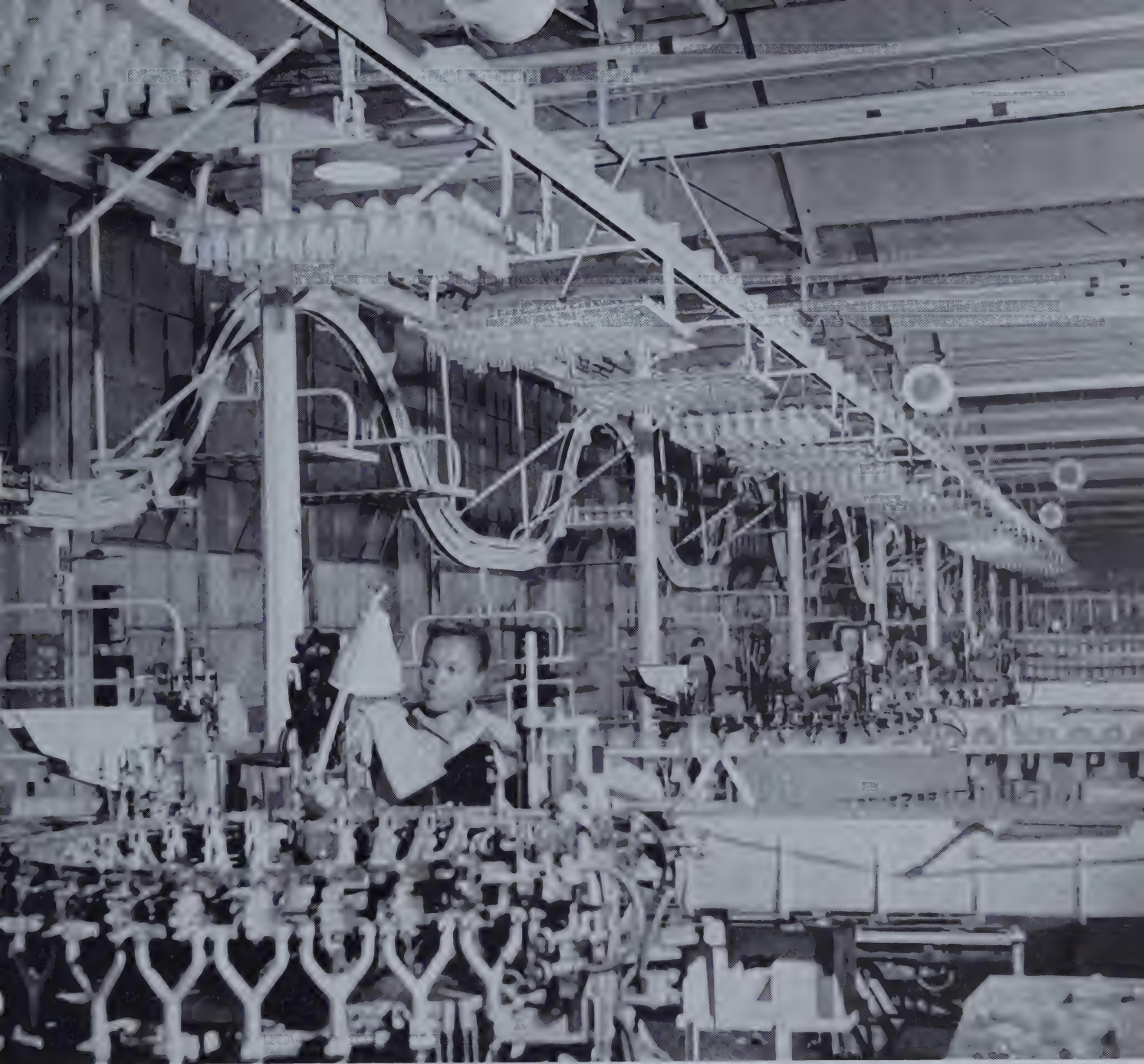
Heating continued

One of the outstanding installations of the year was the laying of over 39 miles of heating cable under the turf at Murrayfield rugby union football ground; this ensures that games can still take place even under conditions of frost. Another interesting installation was the heating of Nottingham Market by overhead radiant heaters.

New products include the first radiant hot plate for commercial oven ranges, heated containers for old people's "Meals on Wheels", and a fully automatic steriliser for surgical instruments.

G.E.C. has supplied a complete space-heating installation for Magdalen College Chapel, Oxford. It comprises Nightstor heaters located underneath the stalls and tubular heaters mounted beneath the stained glass windows.





A section of the new overhead conveyor system installed at the Osram Lamp Works during the year.

Osram Lamps and Tubes Recent technical advances, in particular a novel conveyor system introduced at the Osram Lamp Works, Wembley, have contributed substantially to the price reductions which have been made in General Lighting Service lamps during the year. Another noticeable feature here has been the increasing demand for the more efficient coiled-coil filament lamps which are superseding the single-coil type.



Telecommunications and Electronics

In conjunction with the General Post Office and other main contractors, the Company is assisting in the development of the first public electronic telephone exchange at Highgate Wood. The Company is also participating in the extension to other areas of the "GRACE" subscriber trunk dialling equipment as installed at Bristol.

Research activities cover, amongst other things, the design and manufacture of complex electronic and radar control systems.



ABOVE: exchange equipment undergoing tests in the final inspection department at Coventry Telephone Works.

RIGHT: Seaslug, the Royal Navy's first ship-to-air guided missile, for which the G.E.C. supplies the guidance equipment.

LEFT: the experimental 8 ft. horn paraboloid aerial on top of this tower at Coventry Telephone Works is being used for further development work on radio-links.





ABOVE: *the lighting at Kai-Tak Airport, Hong Kong, has been supplied by the G.E.C.*

Lighting The Company has introduced a new range of “Comfort in Lighting” fittings which are particularly suitable for installations where high levels of illumination are required; the light distribution is carefully controlled by aluminium reflectors or prismatic refractors in such a way that not only is the base lamp screened from view but the skirt of the fitting has a level of brightness far below the value which could cause glare.

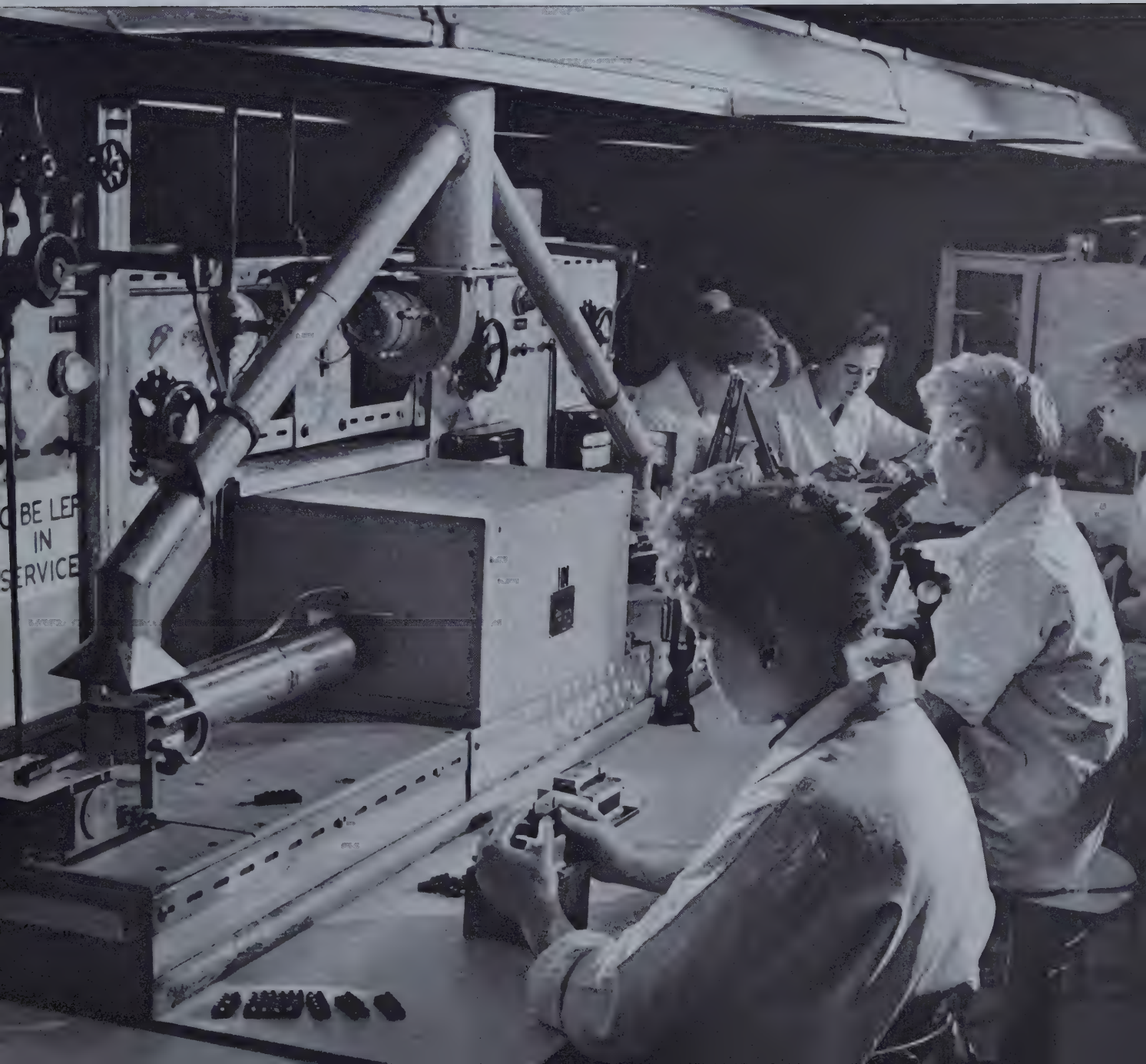
Lighting contracts completed during the year include a wide range of installations, both internal and external, at home and abroad.

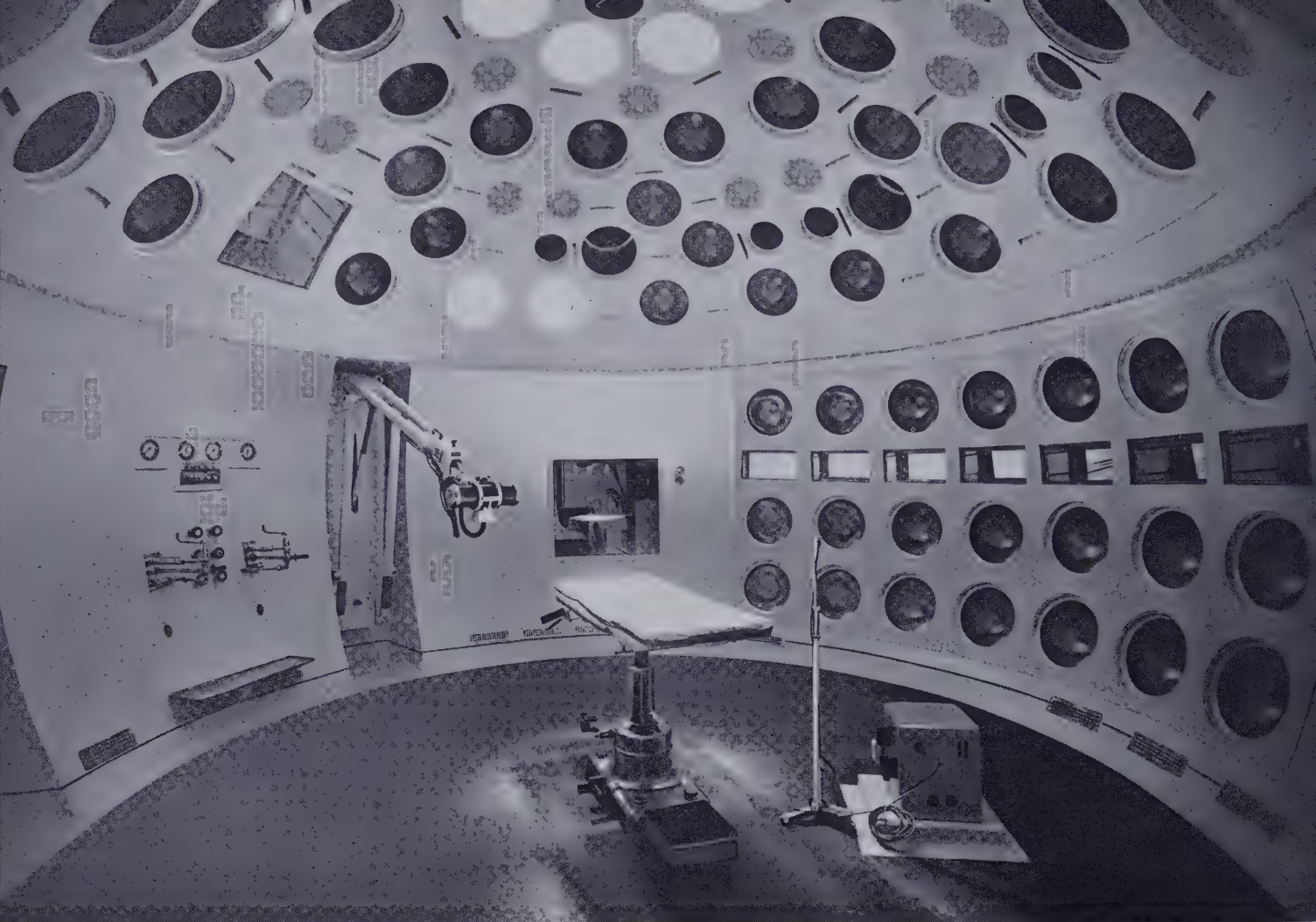
RIGHT: *G.E.C. lighting installed at the B.E.A. hangars, London Airport.*



Semiconductors Overall production efficiency of transistors and diodes in the Semiconductor Division's plant at Hazel Grove has now reached a very high level, with average yields of between 70% and 80%. This has enabled ratings to be raised and costs to be brought down.

Assembling transistor components in the Company's plant at Hazel Grove near Stockport.





ABOVE: *electro-medical equipment supplied by Watsons in the new operating theatre at the Western General Hospital, Edinburgh. The unusual lighting system was also supplied by the G.E.C.*

Associates & Subsidiaries In addition to its main manufacturing centres, the G.E.C. has more than a score of associated and subsidiary companies engaged in manufacture and development work. Because of the extremely wide scope of these companies it is only possible to include a few of their more outstanding achievements in this publication. But each is a specialist in its own particular field whether it be meters (Chamberlain and Hookham Ltd.) or instruments (Salford Electrical Instruments Ltd.), agricultural equipment (Simplex Dairy Equipment Co. Ltd.) or valves (M-O.V. Co. Ltd.).

In Australia, Pirelli-General Cable Works Ltd. has supplied and installed 3,700 yards of 330 kV oil-filled lead-sheathed cable for the Snowy Mountain Hydro-Electric Authority—the first cable of this type to be manufactured in Britain. More recently Pirelli-General Cable Works Ltd. has provided some 90,000 yards of 88 kV and 33 kV

cable for the Kariba hydro-electric scheme transmission system in Rhodesia. At home, Pirelli-General cable is being used extensively for, amongst other purposes, the British Railways Kent Coast lines electrification scheme.

The Siemens and General Electric Railway Signal Co. Ltd. has also been playing a big part in railway modernisation. *It has signalled some 35 miles of track from Farningham Road to Sheerness; it has also recently completed the resignalling of Huddersfield Station and its approaches and a route relay interlocking installation which forms part of the southern approaches to a new marshalling yard near Stratford on the Eastern Region. On South African Railways S.G.E. has installed automatic signalling from Dunswart to Alliance, and has also provided colour light signalling on the new lines from Germiston to Angus.

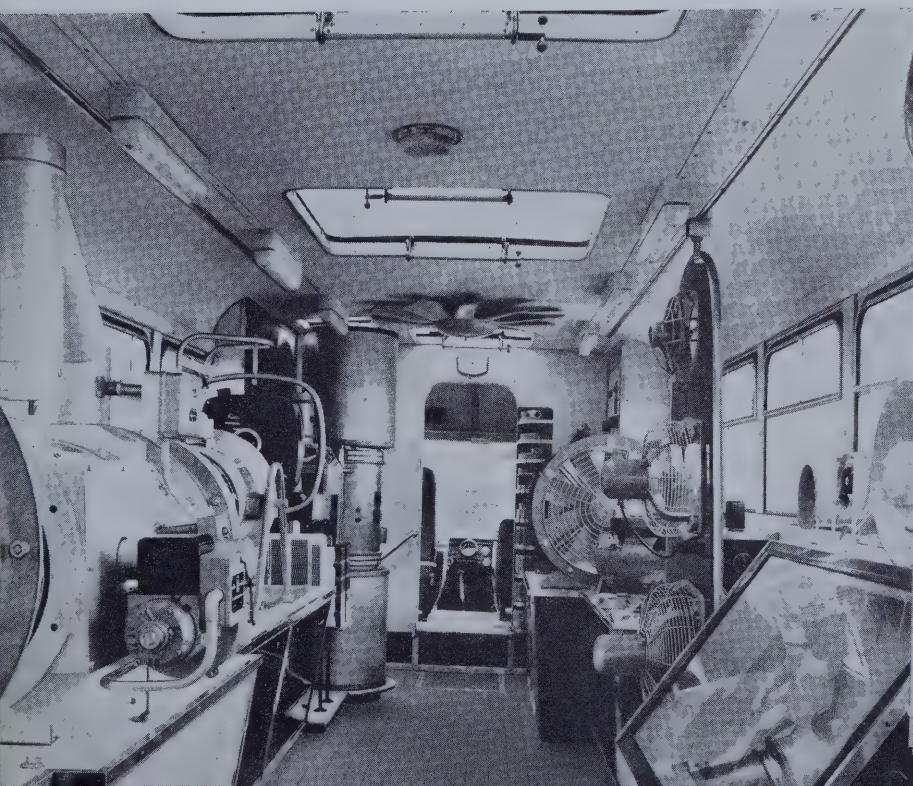
In the printing field, following the installation last year of twelve autopasters and twelve sets of paper tensioning equipment for the printing of *Pravda* in Moscow, Witton-James Ltd. has received a further



ABOVE: S.G.E. searchlight signal and multi-lamp route indicator at Clacton-on-Sea.

LOWER LEFT: interior of the Woods' mobile exhibition which is now touring Canada after travelling through Europe.

LOWER RIGHT: express lifts were installed in the United India Life Building, Madras.



The
TALK
OF THE
TOWN
♦ ♦ ♦
HIPPODROME
THEATRE RESTAURANT
BERNARD DELFONT
dining
dancing
TWO
ROBERT NESBITT
FLOOR
SHOWS



TALK OF THE TOWN
dining
TALK OF THE TOWN

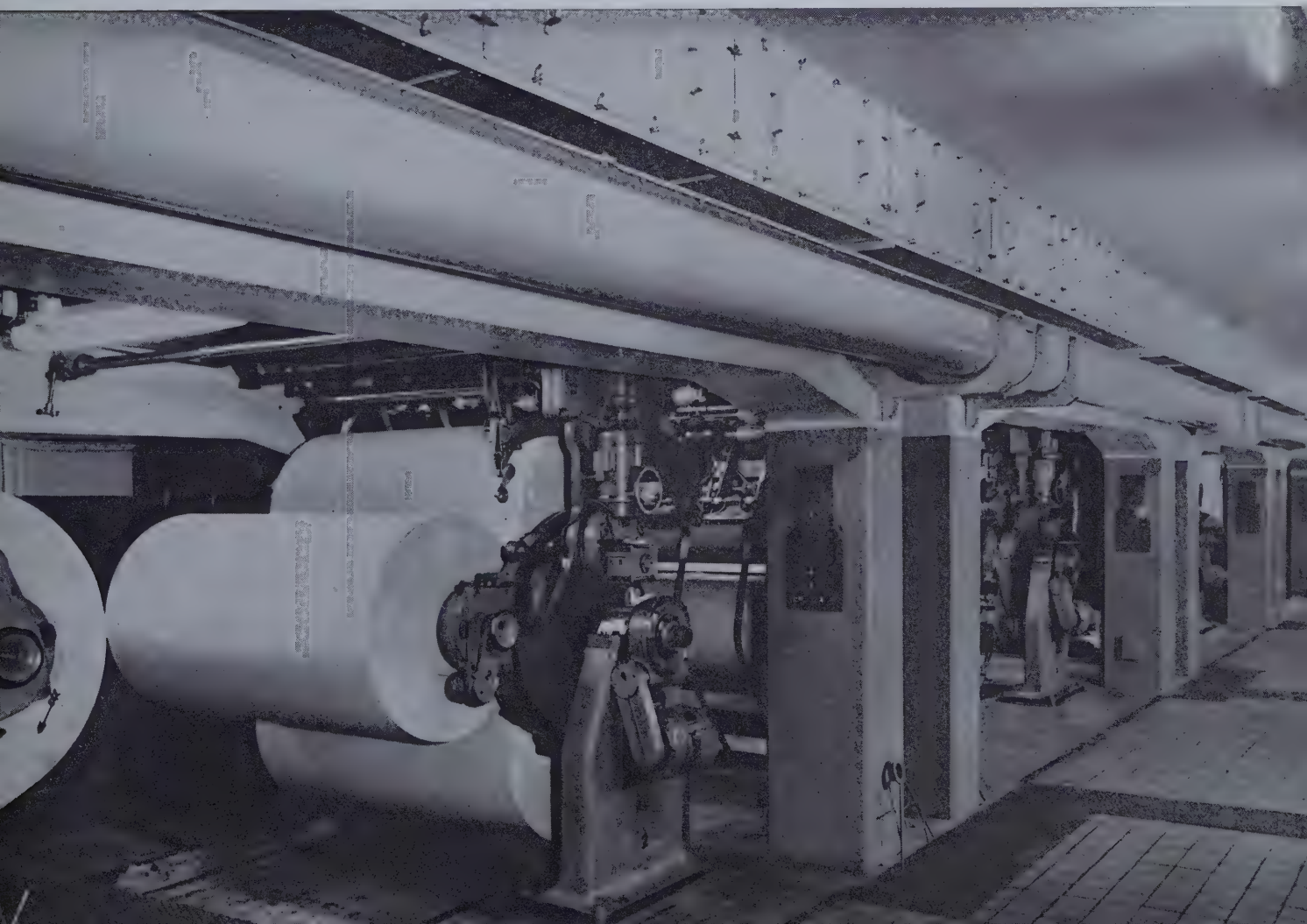
Associates & Subsidiaries continued

order from Russia, while at home, early this year, Witton-James Ltd. received an order from Thomson Newspapers Ltd. for 86 autopaster reelstands, the largest single order ever placed with Witton-James and totalling some £650,000.

Two new associated companies formed recently are British Sealed Beams Ltd. and Computer Developments Ltd. British Sealed Beams Ltd. has been formed in partnership with A.E.I. Lamp and Lighting Co. Ltd. and Joseph Lucas (Industries) Ltd. to produce glass sealed-beam headlights for the motor industry. Computer Developments Ltd., a company owned jointly by International Computers and Tabulators Ltd. and the G.E.C., is concerned with the design and development of new computer equipment which is expected to lead performance in this field.

LEFT: the signs for London's "Talk of the Town" restaurant were supplied by Claudgen.

BELOW: Witton-James printing control equipment installed in the Berlingske Tidende machine room, Copenhagen.





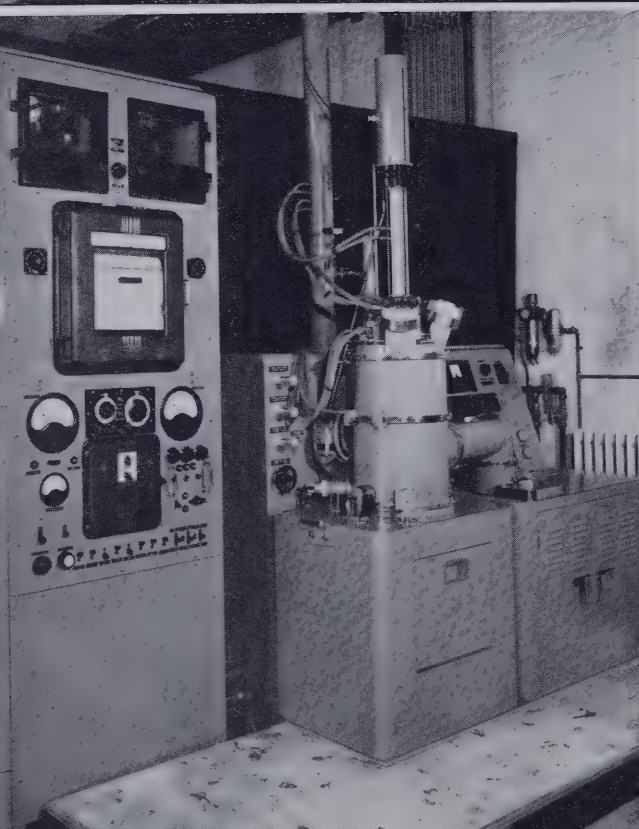
Research The Wembley Research Laboratories support many of the development and production programmes of the Company and conduct numerous fundamental and exploratory researches.

Many of these are concerned with new materials. New microwave ferrites have been prepared for use in telecommunications systems, and research on magnetic thin films has emphasised their great potential use as the basis of quick-access memory systems in computers. Studies of the behaviour of magnetic materials at very low temperatures have made possible new sensitive amplifiers for use in radio astronomy, radar and other microwave systems.

Research on semiconducting elements and compounds has led to the improvement of existing semiconductor devices as well as to the discovery of new ones, and the Laboratories are continuing to explore the thermoelectric properties of special compounds. Metallurgical research is also continuing both on very pure metals and on alloys or compounds for use at extremely high temperatures.

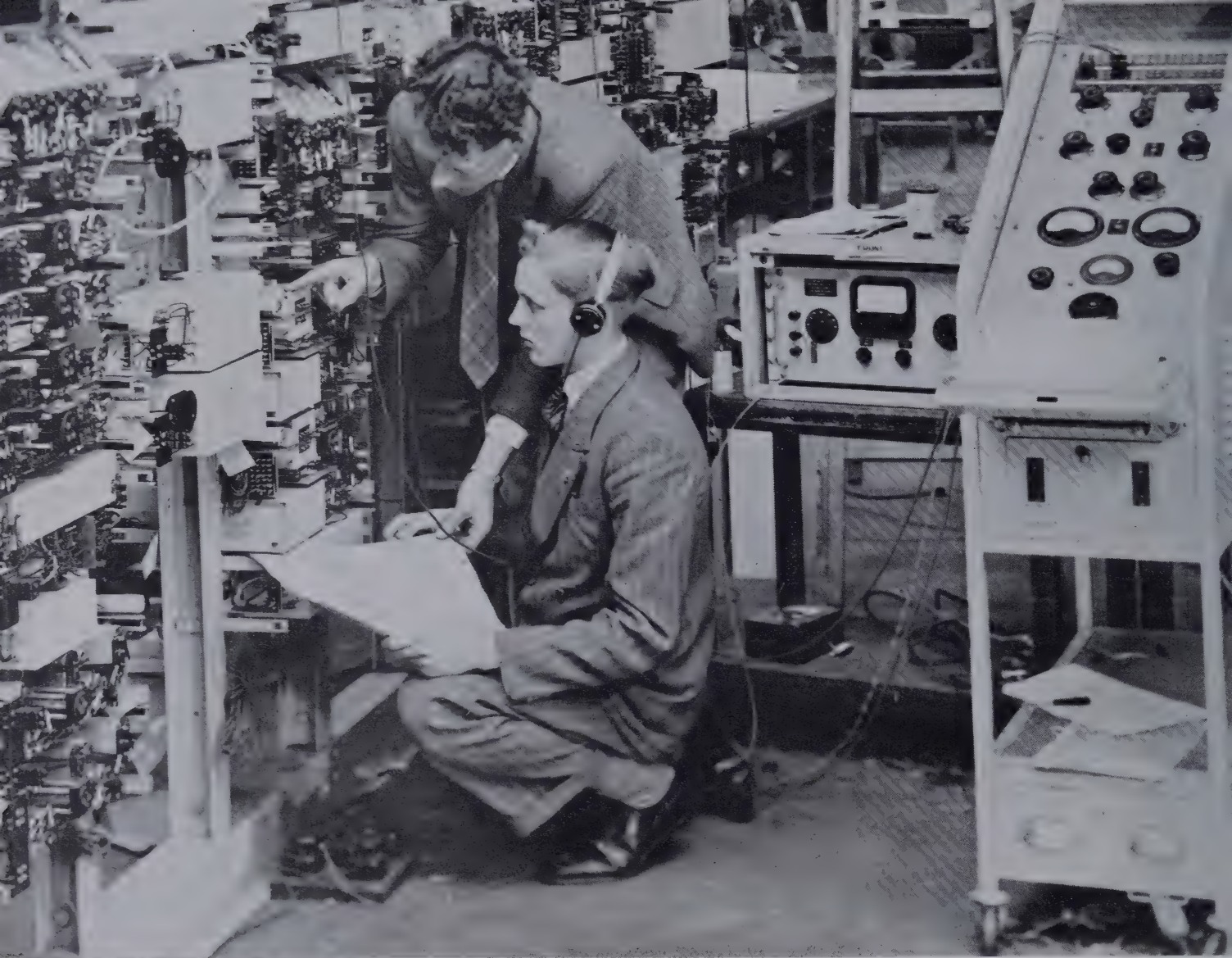
The growing importance of microwaves has intensified research into methods of generating them with electronically tunable devices and of using them in transmission systems. New techniques of telephone switching by electronic means are being explored.

Apparatus developed in the Research Laboratories for growing single-crystal germanium. The 5 kilogramme crystal in the upper picture can be grown in 8 hours under precisely controlled conditions.





Development work continues on colour television receivers at the Research Laboratories. This experimental 21-inch receiver carries only one viewer control in addition to the normal monochrome controls and takes up very little more space than an equivalent 21-inch black-and-white receiver.



An apprentice receiving instruction on trunk line carrier systems at Coventry Telephone Works.

Training for the Future Developments and achievements, such as have been referred to in the preceding pages, depend ultimately upon the individual members of the staff whether in research or in manufacture, in selling or in management. Furthermore, the demand for qualified personnel is continually increasing as the Company expands. To ensure that trained staff will continue to be available to promote the Company's progress, the Company has developed, and often pioneered, educational schemes for graduates as well as school-leavers, who are seeking industrial careers. These schemes are tailored to the individual and offer an unusually wide scope, embracing as they do many different spheres of activity from atomic energy to domestic appliances, from telecommunications to turbo-generators.

Notice of Meeting

NOTICE IS HEREBY GIVEN that the 60th ANNUAL GENERAL MEETING of THE GENERAL ELECTRIC COMPANY LIMITED, will be held at Magnet House, Kingsway, London, W.C.2, on Thursday, 1st day of September 1960, at 12 noon, for the following purposes:—

1. To receive and, if thought fit, adopt the Statement of Accounts for the year ended March 31st, 1960, together with the reports of the Directors and Auditors thereon.
2. To declare a Dividend.
3. To elect Directors.
4. To fix the remuneration of the Auditors.
5. To transact the business of an Ordinary General Meeting.

The transfer books for the ordinary stock of the Company will be closed on Friday, August 12th, 1960, until Thursday, September 1st, 1960, both days inclusive.

Any member of the Company entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not also be a member.

By order of the Board,

T. B. ELLIS

Secretary

MAGNET HOUSE, KINGSWAY, LONDON, W.C.2

July 26th, 1960

Directors

Chairman and Managing Director

SIR LESLIE GAMAGE, M.C.

Vice-Chairman and Managing Director

A. L. G. LINDLEY

D. G. W. ACWORTH	HAROLD HOBSON
W. J. BIRD	O. W. HUMPHREYS, C.B.E.
A. S. BLACK	T. B. O. KERR
THE LORD CATTO	SIR TOBY LOW, P.C., K.C.M.G., C.B.E., D.S.O., M.P.
R. C. GIGGINS	THE VISCOUNT MARGESSON, P.C., M.C.
J. J. GRACIE, C.B.E.	R. N. MILLAR

Auditors

Touche, Ross, Bailey & Smart, 3, London Wall Buildings, London, E.C.2.

Bankers

Midland Bank Limited

Solicitors

Herbert Smith & Co., 62, London Wall, London, E.C.2.

Secretary and Registered Office

T. B. Ellis, Magnet House, Kingsway, London, W.C.2.

Report of the Directors

The Directors submit the consolidated profit and loss account and consolidated balance sheet for the year ended March 31st, 1960. They also submit the balance sheet of the Holding Company at that date.

Of the consolidated profit of the Group, the following amount has been dealt with in the accounts of the Holding Company:—

Profit for the year	£2,003,657
Net income relating to previous years	345,076
	<hr/>
	2,348,733
To which is added the profit brought forward from the previous year	2,302,186
	<hr/>
	£4,650,919

The Directors have made the following appropriations therefrom:—

Preference dividends for the year to March 31st, 1960, <i>less</i> income tax	£206,413
Transfer to general reserve, making a total of £10,504,400	1,000,000
Interim dividend of 3 per cent on the ordinary stock, <i>less</i> income tax, paid April 7th, 1960	330,750

and recommend:—

The payment of a final dividend of 7 per cent on the ordinary stock, which, <i>less</i> income tax, will absorb	771,750
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leaving:—

Balance carried forward to the next account	2,342,006
	<hr/>
	£4,650,919

The sales for the year amounted to some £117,000,000, or an increase of 8.2 per cent over last year.

The gross trading profit before charges listed in Note 1 amounted to £11,074,000 as against £9,354,000 last year. After higher charges for depreciation and provision for unascertained liabilities, the profit before taxation shows an increase of £564,000. Having made provision for taxation and the interests of outside shareholders, the consolidated profit for the year attributable to the Holding Company is £2,322,000 as against £1,983,000 last year.

In past years, large capital allowances in respect of taxation have been claimed by the Company and it has been apparent to your Directors that future tax provisions would be distorted by reason of these allowances. The release of part of the tax provision on settlement of past taxation liabilities has enabled us to set aside £1,279,850 for taxation deferred in this way. The balance arising from the settlement is included in "net income relating to previous years."

It is still not possible at this stage to make any accurate forecast of the financial outcome of the Hunterston atomic power contract. The initial costs and research expenditure to date have been written off and, in addition, it has been considered prudent to provide a further £500,000 out of the profits of the year.

The Directors recommend a final dividend of 7 per cent making a total distribution for the year of 10 per cent, which is the same as last year. Warrants for the final dividend will be posted to Stockholders on Thursday, September 8th, 1960. Comments on the position, together with the outlook for the current year, are made in the Chairman's Review.

Of your Directors, The Viscount Margesson, having reached the age of 70, has expressed his wish to retire and the Board has accepted his resignation with regret. Mr. D. G. W. Acworth, Mr. W. J. Bird, Mr. A. S. Black and Mr. T. B. O. Kerr retire by rotation under the Articles of Association and, being eligible, offer themselves for re-election.

Mr. A. S. Black and Mr. J. J. Gracie have expressed their wish to retire during the current year.

By order of the Board,

T. B. ELLIS

Secretary

MAGNET HOUSE, KINGSWAY, LONDON, W.C.2

July 20th, 1960

Chairman's Review

I am glad to report that the Company's trading results for 1959-60 show a satisfactory improvement on the previous year and confirm the confidence I have felt and endeavoured to convey in my previous reviews.

Board Changes

As indicated in the last Report, three of your Directors retired during the past year—Sir Patrick Ashley Cooper, Mr. T. W. Heather, M.C., and Mr. R. E. Robinson. During the current year The Viscount Margesson, P.C., M.C., has retired after a period of 18 years' service to the Board; Mr. A. S. Black, Director and Area Manager for Scotland, has decided to retire during this year after 50 years of service; Mr. J. J. Gracie, C.B.E., Director and General Manager of our Witton Engineering Works, has expressed his desire to retire at the end of this year after 34 years of service. You will agree with the Board in extending to them our thanks for the signal services they have rendered to our Company over many years.

We have strengthened management control by making three important appointments at Board level: Mr. T. B. O. Kerr assumes responsibility for ensuring that our financial resources are used to the best possible advantage; Mr. O. W. Humphreys is now responsible for seeing that all scientific and technical development within the Company is properly informed, co-ordinated and controlled, while remaining Director of Research; and Mr. W. J. Bird is responsible for general control of sales and marketing development policy. We have also appointed Mr. R. N. Millar to take charge of the Engineering Group. Mr. T. B. Ellis, previously Assistant Secretary of the Company, has been appointed Secretary in succession to Mr. T. B. O. Kerr.

General Comments

In my review to Stockholders last year, a note of optimism was expressed regarding the Company's operation and I forecast an improvement in trading. It was felt, then, that the tide had turned in our favour. You will now agree, I hope, that the forecast for the future has been justified by the results placed before you. The trading profit for the year ended March 31st, 1960, subject to the items which have to be shown separately, amounts to £11,073,872 as against £9,353,814 in the previous year, an increase of £1,720,058.

After deducting depreciation, an ever-increasing item with the rising replacement cost for plant, machinery and buildings, and the other charges listed in Note 1, and adding income from trade investments, the final profit figure, before taxation, is £4,813,173, an increase of £563,993. Taxation absorbs £2,280,789, compared with £2,125,332 last year, which, after allowing for the interests of outside minority shareholders, leaves £2,322,135, compared with £1,983,049, available for distribution.

I would emphasise that the profit figure has been struck after writing off all expenditure on research and development and making a further provision of £500,000 in regard to the atomic energy contract at Hunterston.

Your Board has given deep consideration to the dividend it should recommend to you. While we are confident that, given reasonable economic conditions, we can achieve even better results in the future, the prospects for the current year are uncertain. At the same time we are anxious to pursue a prudent financial policy and reinforce our resources to provide for an expanding business. In view of these considerations the Board has decided to recommend a final dividend of 7 per cent which, with the interim, will make 10 per cent for the year, the same as the previous year. I feel sure you will approve.

It is interesting to note that, curiously enough, this year's financial history for the Company was almost the reverse of last year's. During the first nine months of 1958-59 business expansion was kept in check

by the Government, but the lifting of restrictions gave a buoyancy to the last few months. In the 1959-60 financial year demand was buoyant in the consumer sectors until Christmas, but the prospect of tighter reins on credit caused some hesitancy in the last quarter.

The tide of prosperity in the country during last year reached first those of our Groups which manufacture consumer durables. Later in the year, the improvement spread to the Installation Equipment Group in consequence of the increase in building activity, while in the last few months the Engineering Group also benefited. As a result we are proud to report a record turnover of £117,000,000, an increase of 8·2 per cent, accompanied at long last by some increase in profit. Even more satisfactory are the figures of orders received, which amounted to £119,000,000, exceeding last year by £12,000,000 (excluding atomic energy contracts). As a result, we entered the current year with a good order book of £138,000,000, as compared with £133,000,000 last year, both years including some £56,000,000 for atomic energy contracts. The higher profits earned did not arise from increased prices—competition forbids that—but from the fact that some of our factories, previously working as much as one-third below capacity, have been fully employed. Our selling prices in many instances are still too low, particularly in lamps and cables. Uneconomic prices leave no room for manoeuvre and erode profits. This is why the rise in labour costs accruing from the shorter working week must be viewed with apprehension unless we can achieve equivalent increases in productivity.

The general export performance of the Company has been satisfactory, though we did not quite equal last year's figures. All Groups have experienced the most severe competition, in particular the General Products Groups; for example, the domestic refrigerator export business, which we had built up to a considerable volume over the years, has declined substantially. Here was no case of diverting exports to fill the home market. The production of our domestic refrigerators is geared primarily to supply overseas markets—the output of larger refrigerators being sold, for the greater part, abroad and not at home. Our markets are being subjected to a fierce attack by foreign manufacturers, notably German and Italian. We are aggressively engaged in winning back these markets but, in the meantime, circumstances have forced us to sell more on the home market, which we had not cultivated before on any appreciable scale.

Taking the Company's home and overseas operations combined, we have every reason to be proud of our achievements. I hope that you will read about the highlights of the Company's activities in *The Year's Work*, which this year accompanies our report. I am sorry that difficulties in the printing trade last year made its publication impossible.

I should like Stockholders to be mindful of the fact that the Company's record turnover has not just been 'handed to us on a plate'—the orders which make it up have been secured by the efforts of our manufacturing and sales staffs in the face of intense competition. Competition is undoubtedly growing in the electrical industry. It is fierce at home—still fiercer overseas, where it extends to credit facilities as well as prices. It is encouraged in the home market by the Government with the laudable aim of keeping prices down—though this promises to be difficult to attain in the face of rising costs. There appears a possibility that resale price maintenance may be abolished—the right of an individual manufacturer to fix the price at which his goods are sold. Without wishing to enter the resale price maintenance controversy, I submit that its proposed abolition would not be an unalloyed blessing for the consumer, retailer, wholesaler or manufacturer.

To the competitive conditions of today there is only one effective answer—the greatest possible efficiency in production and distribution. To that end, encouraged by our better results but far from being satisfied or complacent, we are pursuing our programme of reorganisation in all Groups, particularly the Groups covering our General Products, where we have had the benefit of the advice of our consultants, Urwick, Orr & Partners.

A glance at *The Year's Work* will give you some idea of the wide variety of products manufactured by the G.E.C. Diversification has its advantages—indeed many companies during the last decade have adopted it as a means of strengthening their position; but it has its dangers, especially in a period which has seen the rise of many specialist concerns in the electrical and in other industries. Our aim, therefore, is to bring the maximum degree of specialisation into our diverse organisation.

We have divided the former General Products Group into five autonomous groups, each under a Group Managing Director, responsible to the Chairman and Vice-Chairman. Each one of these Groups will function as a complete integrated unit for production and sales, as though it were a separate company. This will entail changes in our trading structure, which will be introduced gradually so as to avoid, as



Mr. D. Yasukawa, President of the Japan Atomic Power Company, signing the contract with the G.E.C. for the construction of Japan's first nuclear power station at Tokai-Mura.

far as possible, any dislocation of business. All these measures will lead, I am convinced, to greater efficiency both in production and distribution, which will, in turn, lead to added profitability, though the full effects will not be seen for some time to come.

Stockholders would no doubt wish me to give an indication of current prospects; after all, prospects are vitally important in a Company such as ours. Here I must frankly confess I am disappointed—without being unduly pessimistic. Our prospects for the current year are dependent not only upon our own efforts, but upon the economic conditions at home and abroad under which we have to trade. At home we cannot expect the demand to be maintained for some classes of our consumer products where a rapid increase was recorded last year. The Government has always been resolute in combating inflation and its current measures to this end may well mean that our hopes of immediate expansion, in the domestic equipment field in particular, will be frustrated. While any measure to ensure a stable economy must be to our benefit in the long run, in the short term the results must be disappointing. I can offer, therefore, no forecast, but I hope and believe that by our strenuous efforts to cut expenditure and increase sales we shall be able to maintain—if not to improve on—the results of last year. I want to stress that without a buoyant home market, with demand well spread, industry will find it difficult to maintain and to expand its overseas trade.

We also have to face the uncertainties that will arise from the European Free Trade Area, which, unless it leads to some early alignment with the Common Market, will bring us only limited benefits. Furthermore, intense competition from transatlantic companies now entrenching themselves in the vast area of the Common Market can be expected shortly. The impact of foreign competition in our home market is also noteworthy. British electrical exports rose slightly during 1959 but imports of electrical equipment increased by over one-third.

I have outlined some of the issues which are foremost in our minds in charting the future of our large Organisation. But the progress of the Company must be viewed in the larger context of the increasing use of electrical energy throughout the world both in industrially mature and in economically emerging countries. The rise in the consumption of electrical energy has been phenomenal in the past decade. With the better control of economic ups and downs in many countries—a responsibility as much of governments as of industry—demand for electrical power is likely to be at an even higher and more constant level in the future than in the past. Whether this means additional demand for the generation, distribution or consumption of electricity, your Company as electrical manufacturers to the world is in the forefront to supply equipment for it.

I now turn to details of last year's activities.

Research

Our Research Laboratories continue to support the many development and production programmes of the Company, and to carry out fundamental and exploratory researches, many of which are reaching a rewarding stage.

Fundamental studies are being made of very pure metals and of the influence of impurities and defects in crystalline structure on their mechanical properties. Research also continues on alloys and compounds for use at high temperatures. Many basic physical mechanisms are being investigated such as commutation in electrical machines.

Studies of magnetic and dielectric materials are showing results which are likely to have important applications in communications and in electronic equipment such as computers. Research on the properties of magnetic materials, and of semi-conducting materials, at very low temperatures is yielding important results. Work on telecommunications systems includes investigations of the use of millimetre wave techniques and studies of new methods of modulation.

New principles in the amplification of low level radio frequency signals, involving the wave-like behaviour of electron beams, are being studied. Research into methods of generating microwaves and, especially, of electronically tuning microwave devices has been intensified. The properties and behaviour of gaseous electrical discharge plasmas at microwave frequencies and the use of such plasmas for the control of extremely large currents are being examined.

The thermoelectric properties of special compounds continue to be explored and, in support of the work of the Atomic Energy Division of the Company, fundamental studies of the crystallography of carbon and graphite are continuing.

Engineering Group

A welcome revival in the heavy engineering industry at home has led to orders for new equipment of which the Engineering Group is receiving a fair share. Every endeavour is also made to expand sales of heavy equipment abroad. Apart from the normal flow of business in the electrical engineering field, important new orders have been received for traction, steel works and mining equipment, and we are maintaining our output of these types of work. In the heavy engineering field profit margins have continued to be low.

On the nuclear side I am pleased to inform you that, after protracted labour troubles which delayed the construction programme of our Hunterston power station, good progress is now being made, following the introduction of three-shift working. We have recently commissioned the *Zenith* reactor at Winfrith Heath, which will provide basic information for the Dragon project. The contract with Japan Atomic Power Company was signed last December and work has been started on the site at Tokai-Mura.

As recently announced, the G.E.C./Simon-Carves Group has joined forces with Atomic Power Constructions to design and build nuclear power stations in this country. The two groups have an identity of views to bring about an economy of effort in nuclear energy work, and for this purpose a new



joint group—the United Power Company—is being formed. In taking this action, the two original groups feel that they have made a major contribution towards the rationalisation of this new industry. We believe that in these arrangements we are fully supported both by the Central Electricity Generating Board and the Atomic Energy Authority. Having created an exceptionally strong new consortium, it is confidently hoped that we shall be able to maintain full employment of the technical staffs which have been carefully built up since the beginning of this new nuclear industry.

The Government *White Paper* issued last June announced a further brake on the nuclear generating programme. This came as a great shock to the industry and, although, it is understood that the conventional programme will be correspondingly increased, it will certainly have repercussions on our efforts to maintain a satisfactory level of work in our heavy Engineering Group.

Telecommunications and Electronics Group

The Group's principal activities in telecommunications and electronics showed an improvement during the year.

The telephone exchange business continues to be affected by the restriction of Post Office ordering at home and by fierce competition abroad, with the result that our sales for the year were lower. We feel, however, that conditions are improving and the outlook for 1960-61 is more promising. New business included substantial orders for trunk dialling equipment. In the export field our new rural automatic exchanges found favour. We continue to devote considerable efforts to the development of electronic exchanges in full confidence that investment in this field will amply justify itself in later years.

The Transmission Division which handles long distance line and radio communications systems had a record year. The bulk of its work was for export and accounted for a substantial portion of the Company's total export sales.

In the field of electronics steady progress has continued. The Portsmouth factory is now fully established and the Applied Electronics Laboratories have been transferred from Coventry to the same location.

During the year we have developed new radio transmission equipment control devices—for use on the railways, in air traffic and in machine tool applications—as well as a new range of telephone instruments. These will undoubtedly lead to steady expansion in their various fields.

Arrangements with International Computers and Tabulators—our partners in Computer Developments—have led to the production of a fully transistorised computer of advanced design. This is the '1301 data processing system'—a highly competitive installation for commercial and industrial applications at home and abroad. We have particular confidence in the outcome of this combined operation and look forward to further successes emerging from our co-operation with I.C.T.

The business of the Telecommunications and Electronics Group is firmly established; but with rapid technical change it is imperative that we continue our policy of substantial investment in research and development if we are to maintain our fully competitive position.

Domestic Equipment Group

Doubling the turnover of the Domestic Equipment Group during the past two years has been as much due to the increasing popularity of our products with the public as to governmental relaxation of restrictions. This is encouraging progress.

In the cooker field, we remain leaders in the medium and higher price ranges and we hope to increase our lead in this expanding market. Today, some fifty years after the introduction of the domestic electric cooker, only one-quarter of households is cooking with electricity, which gives a good indication of the immense opportunities in this field.

The 'Double-Plus' combined washer-spin dryer was released in the North of England last Autumn; experience in a restricted test market encouraged us to market this new washing machine as widely as possible and the machine was made available nationally after the end of the financial year. Our small and medium size refrigerators sold successfully, but we were disappointed in the export sales of large refrigerators.

The credit restrictions recently imposed by the Government have had a restrictive effect upon demand particularly for our consumer goods. With manufacturing capacity significantly expanded, a substantial and protracted decline in demand can have serious repercussions. Therefore, it is hoped that the present restrictions will prove transient.



Traction orders completed by the G.E.C. include the electrical power equipment for the five new British Railways high-speed diesel-electric Pullman trains which will run from London to Manchester, Bristol and other major cities.

Installation Equipment Group

Trading experience in the Installation Equipment Group was uneven during the year. Mounting activity in building and construction has increased substantially the Group's volume of turnover, but competition still makes the profit ratio unsatisfactory.

The cable section has passed through a lean period—indeed this is the general experience in the cable industry. It is hoped that uneconomic production, due to excess capacity, has been overcome; the position in the cable industry has begun to improve since the end of 1959 but the fluctuating price of copper introduces an element of uncertainty. Strikes in the United States and Chilean copper mines impact quickly on copper prices. Our cable works are among the most efficient and economic producers, a factor of great importance for profitability.

The products of the Group are unspectacular—though indispensable; most of them are concealed in flooring, ducts and switch rooms, where they continuously give satisfactory performance. The Group has continued to develop its range of busbar distribution equipment, under-floor ducting and conduit accessories. The highly successful range of 'Mutac' domestic and commercial switches has been supplemented by the 'Mutac Clipper' range.

Lighting and Heating Group

Turnover in the Lighting Division increased significantly last year—profit has been satisfactory—and prospects are good for the current year. Important lighting installations of great variety were completed at home and in many overseas countries.

Our scientifically designed range of fluorescent 'Comfort' lighting fittings has set a new standard of lighting for offices and works and our 'Variform' components enable many hundreds of different attractive, modern lighting fittings to be made to suit every kind of setting. Our specially designed lighting units are installed in the most modern ships, aircraft and trains. Road systems all the world over are made safer by night with our street lighting lanterns—on which our Research Laboratories have worked for many years. In airport lighting we have maintained our predominant position.

In addition to carrying out research into the fundamental problems of lighting, we have many new designs in the final development stage which will be launched in the near future.

The continued expansion of the Heating Division's sales at home and abroad has been noteworthy. Export sales have been particularly satisfactory and outlook for the future is well assured.

An installation of special interest completed last year is the heating of Magdalen College Chapel, Oxford. This contract presented many unusual problems, but proved to be an outstanding success. The popularity of 'Nightstor' heaters for commercial and industrial premises is undiminished.

In the field of transport, G.E.C. cooking equipment is now being used by 105 airlines throughout the world and large contracts have been received from British Railways for water heating and space heating equipment in coaches. New products introduced during the year included the novel type of 'Twin Zone' radiant heater, a complete range of snack bar equipment and a new baker's oven.

Osram Group

The Osram Group, which manufactures and sells lamps, components and glass, shows improved results. The sale of Osram lamps and fluorescent tubes has continued to expand and a number of interesting new types has been introduced.

Continued progress in manufacturing techniques, together with still higher production efficiencies, has enabled us during the year to absorb substantial reductions in prices of the most popular sizes of tungsten filament lamps—including, especially, the 'coiled coil' type which gives the consumer more light, without extra cost—but the profit ratio remains too low.

New methods of selection and preparation of phosphors have made possible a further improvement in the light output of Osram fluorescent tubes. A new colour has also been introduced which is particularly suitable for display lighting.

The popularity of Osram mercury and sodium discharge lamps continues its steady growth, especially for street lighting. Our efforts have been successful in improving still further the lighting performance of these highly specialised lamps, while, at the same time, fully maintaining the high reputation we have earned for reliability—so vital in this field. New designs of lamps for projection and other special purposes are already in production or will be introduced shortly.

The Osram factories and the Development Laboratories, which are an integral part of them, are making an ever increasing contribution to the improvement of lighting standards at home and overseas; in these efforts the Group is, of course, aided by the Company's central research establishment. Outlook for the Osram Group is, I think, favourable, and we hope to manufacture and sell during the present year more lamps than ever before.

Radio Group

The pattern of the Group's trading—and indeed that of the radio industry as a whole—is in line with my remarks on consumer durables. Boom conditions existed until a few weeks before Christmas, but the drop in manufacturers' sales to the trade in the first quarter of 1960 was greater than anticipated. The main contribution to the Group's increased sales came from television and radio which rose by one-third. In addition to our good reputation for performance and reliability, the 'new look' of our television receivers met with a most gratifying response both from the trade and the public. I believe that the Group fully maintained its position in this market.

There was a spectacular increase in the industry's sales of sound broadcast receivers, and our own sales of radio receivers more than doubled. This was mainly due to sales of transistor portable sets, of which we were one of the earliest manufacturers. The demand for them shows no sign of abating.

Increased loading on our Radio Works at Coventry has resulted in higher efficiency and the mechanised processes installed over the last two years have shown sizeable economies at the higher production rates. The improvement of the Group's profitability stems largely from this.

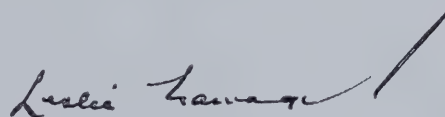
As to the future, some reduction in the total market for television sets must be expected in the current year, but I am hoping this will be largely offset by the rising sales of radios.

Subsidiaries and Associates

No review of our operations would be complete without some reference to our subsidiary and associated companies, which contribute in no small degree to our profits. The home subsidiaries are mainly specialised companies under individual management; and their success exemplifies the virtues of specialisation. Prominent amongst them are the Express Lift Company, with a world-wide business in electric lifts; Woods of Colchester, specialising in air moving equipment; and Claudgen, outstanding in the field of electric signs. I would also refer to Chamberlain & Hookham, which though suffering from senseless price competition in the meter business, has developed a nation-wide business in timing devices, and to Salford Electrical Instruments, which two years ago was making considerable losses but now re-organised and under new management is showing a reasonable profit. Our overseas subsidiaries, though with some weak spots, have made a fair contribution to our profits and I am particularly glad to tell you that our Company in Canada, which last year showed a considerable loss, has this year made a small but welcome profit.

Of our associated companies, Siemens and General Electric Railway Signal Company, specialising in signals for rail and road, in which we are partners with Associated Electrical Industries, has had a very successful year, while Pirelli-General Cable Works has suffered a set-back along with other firms in the cable industry. Perhaps the most interesting, however, in this group of Companies are those in which we join with our British competitors in the manufacture of components while competing actively with them in the finished product—Glass Bulbs and Lamp Caps, in which our partners are the A.E.I.; and the Bushing Company, which we share with Reyrolle. This kind of co-operation can, I feel sure, be extended to the benefit of all concerned.

It is usual for the Chairman's Review to conclude with an expression of thanks to the staff and workpeople. I gladly do so, not indeed as a matter of form, but in sincere gratitude for the splendid support I have received from all. I know that Stockholders will agree with these remarks.



Consolidated Profit and Loss Account

FOR THE YEAR ENDED 31ST MARCH 1960

	1960	1959
GROSS INCOME FROM SALES	<u>£116,933,000</u>	<u>£108,066,000</u>
PROFIT ON TRADING (note 1)	£4,530,766	£3,950,079
ADD: Income from trade investments	<u>282,407</u>	<u>299,101</u>
	4,813,173	4,249,180
DEDUCT: Taxation (note 2)	<u>2,280,789</u>	<u>2,125,332</u>
GROUP PROFIT after taxation	2,532,384	2,123,848
DEDUCT: Interests of outside shareholders of subsidiary companies	<u>210,249</u>	<u>140,799</u>
CONSOLIDATED PROFIT for the year, attributable to Holding Company	2,322,135	1,983,049
Dividends on Preference stocks of the Holding Company (note 3)	<u>206,413</u>	<u>198,500</u>
	2,115,722	1,784,549
Dividends on Ordinary Stock of the Holding Company (note 3)	<u>1,102,500</u>	<u>1,082,250</u>
	1,013,222	702,299
Net Income relating to previous years (note 5)	<u>390,868</u>	<u>—</u>
Profits retained (notes 4 & 8)	<u>£1,404,090</u>	<u>£702,299</u>

This account should be read in conjunction with the notes on pages 17-19

Consolidated Balance Sheet 31ST MARCH 1960

CAPITAL EMPLOYED	1960	1959
Secured loans	£2,146,858	£1,788,288
Unsecured loan*stocks (note 6)	20,000,000	20,000,000
Interests of outside shareholders of subsidiary companies	1,274,352	1,133,524
Preference capital (note 7)	5,600,000	5,600,000
Taxation deferred by capital allowances	1,279,850	1,287,500
	<hr/> 30,301,060	<hr/> 29,809,312
Ordinary capital (note 7)	18,000,000	18,000,000
Capital reserves (note 8)	11,892,718	11,946,329
Revenue reserves (note 8)	27,533,385	26,167,948
	<hr/> 57,426,103	<hr/> 56,114,277
Attributable to Ordinary capital	<hr/> £87,727,163	<hr/> £85,923,589
 EMPLOYMENT OF CAPITAL		
CURRENT ASSETS		
Cash	£2,527,244	£4,665,034
Marketable securities	70,355	72,253
Market value £130,819 (£136,365)		
Trade and other debtors after making provision for doubtful debts	31,527,522	29,684,816
Stocks of raw materials and manufactured goods at the lower of cost or market value, less receipts on account	49,988,890	47,807,022
	<hr/> 84,114,011	<hr/> 82,229,125
CURRENT LIABILITIES		
Trade and other creditors	21,665,093	19,313,262
Bank overdraft	426,422	778,636
Provision for taxation including income tax 1960-61	2,135,656	2,411,065
Provision for other unascertained liabilities	2,958,039	2,017,751
Preference and ordinary dividends	1,194,462	1,183,862
	<hr/> 28,379,672	<hr/> 25,704,576
NET CURRENT ASSETS	55,734,339	56,524,549
FIXED ASSETS (note 9)	28,817,544	26,860,378
TRADE INVESTMENTS (note 10)	3,175,280	2,538,662
	<hr/> £87,727,163	<hr/> £85,923,589
 LESLIE GAMAGE } A. L. G. LINDLEY } <i>Directors</i>		

These accounts should be read in conjunction with the notes on pages 18-21

Balance Sheet 31ST MARCH 1960

	1960	1959
CAPITAL EMPLOYED		
Secured loans	£1,594,019	£1,271,637
Unsecured loan stocks (note 6)	20,000,000	20,000,000
Preference capital (note 7)	5,600,000	5,600,000
Taxation deferred by capital allowances	1,279,850	1,287,500
	<hr/> 28,473,869	<hr/> 28,159,137
Ordinary capital (note 7)	18,000,000	18,000,000
Capital reserves (note 8)	10,336,768	10,454,181
Revenue reserves (note 8)	22,898,231	21,802,186
	<hr/> 51,234,999	<hr/> 50,256,367
Attributable to Ordinary capital	<hr/> £79,708,868	<hr/> £78,415,504
 EMPLOYMENT OF CAPITAL		
CURRENT ASSETS		
Cash	£1,145,244	£3,385,215
Trade and other debtors after making provision for doubtful debts	21,712,678	20,208,168
Stocks of raw materials and manufactured goods at the lower of cost or market value, less receipts on account	33,668,556	31,325,262
	<hr/> 56,526,478	<hr/> 54,918,645
CURRENT LIABILITIES		
Trade and other creditors	13,964,408	12,176,720
Provision for taxation including income tax 1960-61	675,871	1,323,552
Provision for other unascertained liabilities	2,517,394	1,592,657
Preference and ordinary dividends	1,194,462	1,183,862
	<hr/> 18,352,135	<hr/> 16,276,791
 NET CURRENT ASSETS	 38,174,343	 38,641,854
FIXED ASSETS (note 9)	19,973,235	18,428,220
INVESTMENTS IN AND AMOUNTS OWING FROM SUBSIDIARY COMPANIES (note 11)	18,516,752	18,941,911
TRADE INVESTMENTS (note 10)	3,044,538	2,403,519
	<hr/> £79,708,868	<hr/> £78,415,504

LESLIE GAMAGE }
A. L. G. LINDLEY } *Directors*

These accounts should be read in conjunction with the notes on pages 18-21

Notes on the Consolidated and Holding Company's Accounts

PROFIT AND LOSS ACCOUNT

1960

1959

1. PROFIT ON TRADING

The profit on trading is arrived at after charging:—

Depreciation	£2,928,987	£2,553,103
Remuneration of directors of the Holding Company—		
Fees	8,500	7,500
Management (including pension fund contributions)	122,010	117,557
Compensation paid to two directors on vacating office as executives	27,700	—
Contribution to pension fund	751,796	682,229
Remuneration of auditors of the Holding Company	25,000	21,000
Provision for unascertained liabilities	1,590,984	1,062,330
Provision for depreciation of trade investments	5,146	18,330
Interest on fixed loans	1,082,983	941,686
	<hr/> £6,543,106	<hr/> £5,403,735

2. TAXATION

United Kingdom taxation based on the profits for the year:—

Profits tax	£362,305	£360,713
Income tax	1,424,810	1,208,455
Overseas taxation	493,674	556,164
	<hr/> £2,280,789	<hr/> £2,125,332

The charge for U.K. taxation is adjusted by spreading the capital allowances to equate them with depreciation written off, and is reduced by investment allowances of £260,028 (£145,417).

3. DIVIDENDS

Dividends on the Preference stocks of the Holding Company,
less income tax:—

6½% "A" Preference stock	£71,663	£69,469
7½% "B" Preference stock	82,687	80,156
4¼% "C" Preference stock	52,063	48,875
	<hr/> £206,413	<hr/> £198,500

Dividends on the Ordinary stock of the Holding Company,
less income tax:—

Interim dividend of 3% (3%)	£330,750	£310,500
Proposed final dividend of 7% (7%)	771,750	771,750
	<hr/> £1,102,500	<hr/> £1,082,250

PROFIT AND LOSS ACCOUNT (*Continued*)

4. £2,003,657 (£1,748,888) of the Consolidated Profit for the year, and net income of £345,076 (nil) relating to previous years, have been dealt with in the accounts of the Holding Company.

5. NET INCOME RELATING TO PREVIOUS YEARS	1960	1959
Provisions no longer required	£86,748	Nil
Other income	44,639	Nil
United Kingdom taxation	259,481	Nil
	<u>£390,868</u>	<u>Nil</u>

BALANCE SHEET

6. UNSECURED LOAN STOCKS

3½% Unsecured loan stock 1954/59	—	£8,000,000
4% Unsecured loan stock 1975/80	£6,000,000	6,000,000
6% Unsecured loan stock 1976/81	6,000,000	6,000,000
6% Unsecured loan stock 1979/84	8,000,000	—
	<u>£20,000,000</u>	<u>£20,000,000</u>

7. SHARE CAPITAL—Authorised and Issued

6½% "A" Cumulative Preference stock	£1,800,000	£1,800,000
7½% "B" Cumulative Preference stock	1,800,000	1,800,000
4¼% "C" Cumulative Preference stock	2,000,000	2,000,000
Ordinary stock	18,000,000	18,000,000
	<u>£23,600,000</u>	<u>£23,600,000</u>

BALANCE SHEET *(Continued)*

8. RESERVES

	1960		1959	
	Group	Holding Company	Group	Holding Company
Capital Reserves				
Premiums on issues of shares, <i>less</i> expenses	£7,286,348	£7,286,348	£7,481,037	£7,481,037
Other reserves	4,606,370	3,050,420	4,465,292	2,973,144
	<u>£11,892,718</u>	<u>£10,336,768</u>	<u>£11,946,329</u>	<u>£10,454,181</u>

Profits on capital account arising during the year amount to £141,078, of which £38,653 was transferred from profit and loss account by subsidiary companies.

Revenue Reserves

General reserve	£11,092,158	£10,504,400	£10,065,496	£9,500,000
Reserve against future stock depreciation	5,837,870	5,007,885	5,837,870	5,000,000
Reserve for increased cost of plant replacement	5,228,438	5,043,940	5,228,438	5,000,000
Undistributed profits	5,374,919	2,342,006	5,036,144	2,302,186
	<u>£27,533,385</u>	<u>£22,898,231</u>	<u>£26,167,948</u>	<u>£21,802,186</u>

BALANCE SHEET (*Continued*)

9. FIXED ASSETS	Freehold and leasehold land and buildings	Fixed plant and machinery	Portable plant, tools, patterns and works equipment	Fixtures and office equipment	Total 1960	Total 1959
Group						
Cost	£18,437,254	22,713,615	5,574,848	2,468,699	£49,194,416	£45,286,476
Depreciation	5,905,394	10,934,649	2,534,641	1,002,189	20,376,873	18,426,099
	<u>£12,531,860</u>	<u>11,778,966</u>	<u>3,040,207</u>	<u>1,466,510</u>	<u>£28,817,543</u>	<u>£26,860,377</u>
1959	<u>£11,848,963</u>	<u>10,540,345</u>	<u>3,037,167</u>	<u>1,433,902</u>		
Holding Company						
Cost	£13,101,315	15,366,269	3,515,842	1,586,506	£33,569,932	£30,609,252
Depreciation	4,311,969	7,332,925	1,381,867	569,937	13,596,698	12,181,033
	<u>£8,789,346</u>	<u>8,033,344</u>	<u>2,133,975</u>	<u>1,016,569</u>	<u>£19,973,234</u>	<u>£18,428,219</u>
1959	<u>£8,264,410</u>	<u>7,004,910</u>	<u>2,167,034</u>	<u>991,865</u>		

GOODWILL AND PATENTS (Group and Holding Company)	<u>£1</u>	<u>£1</u>
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10. TRADE INVESTMENTS	1960		1959	
	Group	Holding Company	Group	Holding Company
Associated Companies				
Investments at cost	£2,414,485	£2,414,485	£2,271,792	£2,271,792
Less provision for losses and intangible assets	93,707	93,707	81,860	81,860
	<u>2,320,778</u>	<u>2,320,778</u>	<u>2,189,932</u>	<u>2,189,932</u>
Other Investments at cost	953,494	740,827	469,618	237,894
Less provision for depreciation	98,992	17,067	120,888	24,307
	<u>854,502</u>	<u>723,760</u>	<u>348,730</u>	<u>213,587</u>
	<u>£3,175,280</u>	<u>£3,044,538</u>	<u>£2,538,662</u>	<u>£2,403,519</u>

BALANCE SHEET (*Continued*)

11. INVESTMENTS IN AND AMOUNTS OWING FROM SUBSIDIARY COMPANIES

	1960	1959
Investments at cost, <i>less</i> provision for losses and intangible assets	<u>£6,489,157</u>	<u>£6,624,978</u>
Loans and current accounts, <i>less</i> provision for losses	13,859,162	13,906,728
<i>Less</i> estimated profits on goods sold to subsidiary companies and remaining unsold by them at this date	<u>353,800</u>	<u>362,600</u>
	13,505,362	13,544,128
<i>Less</i> amounts owing to subsidiary companies	<u>1,477,767</u>	<u>1,227,195</u>
	<u>12,027,595</u>	<u>12,316,933</u>
	<u>£18,516,752</u>	<u>£18,941,911</u>

12. CONTINGENT LIABILITIES

The Holding Company has guaranteed in conjunction with Société Internationale Pirelli S.A., £584,573 (£589,219) Debenture stock of Pirelli-General Cable Works Limited.

13. COMMITMENTS FOR CAPITAL EXPENDITURE

	1960	1959
Group	£1,781,062	£2,783,761
Holding Company	£1,463,098	£2,371,753

14. FOREIGN CURRENCIES

Items in foreign currencies have been converted at the rates ruling at the following dates:—

Fixed Assets—at dates of acquisition.

Other assets and liabilities—at the date of the Balance Sheet.

Auditors' Report

To the Members of The General Electric Company Limited

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion proper books of account have been kept by the company so far as appears from our examination of those books, and proper returns adequate for the purposes of our audit have been received from branches not visited by us.

The accompanying balance sheet is in agreement with the books of account and returns.

In our opinion, and to the best of our information and according to the explanations given to us, the said balance sheet and notes thereon give the information required by the Companies Act, 1948, in the manner so required, and give a true and fair view of the state of the company's affairs at March 31st, 1960.

Certain of the audited accounts of the subsidiaries dealt with by the accompanying consolidated balance sheet and consolidated profit and loss account have not been audited by us.

Subject to the foregoing, we are of opinion that such consolidated accounts have been properly prepared in accordance with the provisions of the Companies Act, 1948, so as to give, together with the notes thereon, a true and fair view of the state of affairs and profit or loss of the company and its subsidiaries dealt with thereby, so far as concerns members of the company.

TOUCHE, ROSS, BAILEY & SMART,
Chartered Accountants

3, LONDON WALL BUILDINGS, LONDON, E.C.2
July 20th, 1960

Group Statistical Information

	1960	1959	1958	1957	1956
Home organisation sales	£88,343,000	80,338,000	77,447,000	73,808,000	67,201,000
Overseas organisation sales	28,590,000	27,728,000	26,963,000	24,579,000	22,087,000
	<u>£116,933,000</u>	<u>108,066,000</u>	<u>104,410,000</u>	<u>98,387,000</u>	<u>89,288,000</u>
Profit before taxation	<u>£4,813,000</u>	<u>4,249,000</u>	<u>4,765,000</u>	<u>6,168,000</u>	<u>6,562,000</u>
Percentage to sales	4.1	3.9	4.6	6.3	7.3
Exports by G.E.C. group	£19,813,000	19,818,000	19,658,000	20,880,000	16,531,000
Exports by associated companies	3,805,000	3,953,000	3,331,000	3,614,000	2,811,000
	<u>£23,618,000</u>	<u>23,771,000</u>	<u>22,989,000</u>	<u>24,494,000</u>	<u>19,342,000</u>
Salaries and wages	£37,914,000	37,174,000	34,781,000	30,704,000	27,687,000
Percentage to sales	32.4	34.4	33.3	31.2	31.0
Number of employees	62,600	61,000	62,500	62,200	60,900
Orders received during year	£118,755,000	126,444,000	129,082,000	94,228,000	87,661,000
Orders outstanding at year end	£137,863,000	132,843,000	110,053,000	81,958,000	83,187,000
Income tax	£1,919,000	1,764,000	2,212,000	2,721,000	2,999,000
Profits tax	£362,000	361,000	829,000	884,000	670,000
Purchase tax	£3,283,000	2,656,000	2,527,000	2,358,000	1,653,000
National insurance	£1,013,000	1,026,000	803,000	777,000	700,000
Rates	£408,000	257,000	253,000	240,000	120,000
Number of ordinary stockholders	37,500	36,300	35,500	34,900	28,100

The Principal Subsidiary Companies

dealt with by the consolidated accounts are as follows

HOME OVERSEAS

Chamberlain & Hookham Limited	Amalgamated Electric Corporation, Limited (Canada)
Claudgen Limited	The Anglo-Argentine General Electric Company, Limited
Coldair Limited	British General Electric Company Pty. Limited (Australia)
The Express Lift Company Limited	The British General Electric Company of Central Africa (Pvt.) Limited
G.E.C. Lighting Equipment Limited	The British General Electric Company of Japan Limited
G.P.A. Tools and Gauges Limited	The British General Electric Company Limited (Hong Kong)
J. T. Rothwell and Company Limited	British General Electric Company, Limited (New Zealand)
Machlett X-Ray Tubes (Great Britain) Limited	The British General Electric Company (Pty.) Limited (South Africa)
The M-O Valve Company Limited	Collier & Beale Limited (New Zealand)
Oriental Tube Company Limited	Fraser & Chalmers of Canada Limited
The Parkhall Pottery Company Limited	The General Electric Company (Malaya) Limited
The Reliance Telephone Company Limited	The General Electric Company of Burma Limited
Salford Electrical Instruments Limited	The General Electric Company of India Private Limited
The Simplex Dairy Equipment Company Limited	The General Electric Company of India (Manufacturing) Private Limited
Watson & Sons (Electro-Medical) Limited	The General Electric Company of Ireland Limited
Witton-James Limited	The General Electric Company of Pakistan Limited
Woods of Colchester Limited	The General Electric Company of Trinidad Limited

Some of the principal trade investments, where the company does not hold the controlling interest, are as follows

The Bushing Company Limited	Lamp Caps Limited
Columbian-General Blacks Limited	Pirelli-General Cable Works, Limited
Computer Developments Limited	Siemens and General Electric Railway
Glass Bulbs Limited	Signal Company Limited

